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FEDERAL MILK COMMISSION FOR NEW ENGLAND.

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Boston, November 22, 1918.

HEARING BEFORE THE FEDERAL MILK COMMISSION FOR  
NEW ENGLAND in Room 443, State House, at 10.30  
o'clock a. m., on the question of a possible  
readjustment of milk prices for New England.

Chairman Allen[presiding]; Secretary, Dr. Arthur W.  
Gilbert. A quorum was present.

Chairman ALLEN, in calling to order, said: The hearing will come to order. Mr. Swan, do you want to present your case?

STATEMENT BY MR. WILLIAM U. SWAN.

I would like to say a few words, Mr. Chairman, yes.

Mr. Chairman and gentlemen, this Commission has been sitting, I believe, for about a year, and, so far as the consumers are concerned, I think those who are familiar with the work of the Commission are agreed that that work has been done very conscientiously and with some practical results. In fact, from what I know of the thing, it appears



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Albright. A program was presented.

Chairman ALBRIGHT, in declining to accept, said: "The  
meeting will come to order. Mr. Seab, do you want to present  
your case?"

STATEMENT BY MR. WILLIAM J. SEAB.

I would like to say a few words, Mr. Chairman, yes.  
Mr. Chairman, and mentioned, this Commission has  
been sitting, I believe, for about a year, and, so far as  
the commission are concerned, I think those who are familiar  
with the work of the Commission are aware that work  
has been done very conscientiously and in a very practical  
manner. In fact, from what I know of the Commission, its reports



that you have accomplished more than any other similar Commission in this country, or even in England, where the milk question has been more debated than here. If you have done nothing more than find out the actual cost of producing a quart of milk and distributing it, we are a great deal farther ahead than we ever were before.

It seems, however, to the consumers as if the time had about arrived when they should have some more substantial recognition than has been shown by the attitude of this Commission, in keeping down the demands of the producers and the distributors for a great deal higher prices than seem apparently necessary. In other words, if the Commission had listened to or had granted the maximum demand of both the distributors and the producers, we would have been paying somewhere between twenty and twenty-five cents a quart for milk, whereas, as it is now, we are getting it for less than seventeen cents.

I don't know what Mr. Pattee expects to say to you to-day or what the attorneys for the distributors will say, but it is on the face of it apparent that they will ask for a trifle more money and that after the first of December we will probably be asked to pay seventeen cents a quart for distributed milk in Boston.

The consumers, I think the Commission will agree, have supported the Commission right straight through with the same loyalty with which they have bought Liberty bonds or subscribed to the Red Cross. In other words, they have paid the constantly increasing prices for milk and have, with the exception of comparatively few cases, kept up their takings



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teen cents.

I don't know what Mr. Bates expects to say to you to-day or what the attorneys for the distributors will say, but it is on the face of it apparent that they will ask for a trifle more money and that after the first of December we will probably be asked to pay seventeen cents a quart for distributed milk in Boston.

The consumers, I think the Commission will agree, have supported the Commission right through with the same loyalty with which they have fought Liberty Bonds on subscription to the Red Cross. In other words, they have paid the constantly increasing prices for milk and have, with the exception of comparatively few cases, kept up their share

apparently without any protest. In fact, except for the few weak words of myself, I believe scarcely anybody has has come up here and made any sort of protest or even remark as to these milk prices.

But, as I say, the time seems to be rapidly approaching when these consumers should have a trifle more consideration. The ending of the war will undoubtedly release some labor, and, while it may be true that those farm hands who went to the munition plants will not like to go back to the farms and work twelve, thirteen, and fourteen hours a day, when they have been getting good pay for only eight hours, and have been down here enjoying all the attractions of the city, yet it is said by employment managers that many of the boys who have been in active service abroad may like something of the quiet farm life as a contrast to their activities at the front. At any rate, there should be an increase in farm labor within the next six months. I am also informed by the manager of the State Employment Association that during the past year, in spite of the cry of the farmers that they were unable to obtain help, the applications for farm help at that office on Kneeland Street have been less during the past year than in any year since the office was established.

Whether the price of feed will also show a reduction because of the end of the war is something which I am not particularly familiar with, but there is certainly something to be hoped for in that line.

In any event, it seems as if, with a maximum price of seventeen cents in December, the top price, in Boston at





least, would be reached, and that the consumers ought to have some reduction or be able to look forward to some reduction about the first of January or perhaps the first of February.

The point I want to bring out more especially is that, while this Commission has undoubtedly done excellent work in ascertaining the cost of producing a quart of milk and distributing it, it seems to me the general public will ask the Commission to go forward still farther and set up some constructive system of handling the milk situation for the benefit of the consumer.

Whether these figures Dr. Gilbert has here have gone sufficiently far to show whether there are wasteful methods in milk production and milk distribution, I am, of course, unable to say. That is entirely up to the Commission. It would seem that the Commission had some good, active work before it in pointing out to the producers and distributors some methods of more economically carrying on their business; but if the Commission could go farther, for instance in the matter of milk distribution, and establish here in Boston a system by which milk would be distributed, somewhat on the basis, we will say, of a system of water distribution, whereby the milk should flow into the city through great main arteries and be distributed from central milk stations, with the idea that the different distributors here should pool all their interests,<sup>it</sup> would seem as if something in that line might be done for the benefit of the consumers. It has been said by some that the present method of distributing milk is as economical a method as is possible, but to the average consumer it would seem as if it were a





very wasteful method to have half a dozen milk wagons go rolling through one street, and the thought suggests itself that the Commission might find out, or some Commission similar to this, whether it might not be feasible to establish central stations from which the milk could be handled here in Boston. I think something of the kind is being attempted in Brockton, but, as far as other cities in the country are concerned, it would seem from the reports in the papers as though very little was being done along that line. On the other hand, there seems to be in those other cities far greater dispute between the distributors and the producers than there is in Boston. In other words, the work of this Commission seems to have gone farther and to have been productive of better results than that of similar Commissions in other parts of the United States. But if this Commission can assure the public that it is going to extend its activities and is looking a little farther ahead towards the establishment of a little more economical system of milk distribution than is now being carried on by half a dozen different dealers, it seems to me it would give the public greater confidence in the Commission.

I think comparatively few people are aware of what excellent work you have done and of how very much nearer we are to-day to finding the actual cost of distributing milk than we otherwise would be, by reason of your labor. Some of the papers are still hammering you and are still hammering the producers and the distributors, and are claiming that there is a milk trust. They feel that we are paying too much for milk and that the producers are sending in a very





poor quality of milk. Those familiar with <sup>the</sup> business know very well that the quality of milk, as a rule, holds right up to the Massachusetts standard, and is usually much better than the 3.3 per cent. required. They also realize that the farmers are sending in a very large amount and that you are working hard for the establishment of a system for handling the surplus, a problem which to a mere layman seems so complicated that comparatively few of us understand what it really means; but we have sufficient confidence in the Commission to feel that what it is doing is being done for the benefit of all the parties involved in this very interesting question.

It is apparent that the farmers, despite their cry for help, are receiving a wonderfully high price for milk. The records from Mr. Pattee's office show that five or six years ago the farmer was receiving in the neighborhood of two and one half cents a quart at the barn door for the country station, where to-day he is getting eight cents a quart for a trifle more in the region of the highest production, which means an increase of more than two hundred per cent. in the price of milk to the producer. It would seem as though there were comparatively few commodities that have shown such a tremendous rise as milk, and, while it is admitted that the consumer has had to pay only about one hundred per cent. advance, yet the producer has certainly benefited wonderfully through the establishment of prices by the Commission.

It is undoubtedly true that the cost of feed, labor and other things, has increased, but the fact that the greater





number of dairy men in Vermont to-day are hauling their milk from the farm to the country station in automobile trucks, and are apparently in a very prosperous condition, would seem to show that these high prices have been a distinct benefit to them.

As I have said, what the consumers would like to see is some rift in this cloud, as you might say, of rising prices, or some chance ahead whereby they may have an opportunity of paying something less for milk than they have been paying for the last four or five years.

I think that is about all I have to say, Mr. Chairman.

Com. BIRD. Mr. Swan, I think you said that there has been an advance of about one hundred per cent. to the consumer between the time when the Commission started and the present time. I believe there has been an advance of only forty per cent.

Mr. SWAN. I did not say, since the Commission started. I said that about five years ago the producer received in the neighborhood of two and one half cents a quart at the country station in the region of the highest, heaviest production, central Vermont, and that to-day the price paid to him at the country station is somewhere in the neighborhood of eight cents, or between seven and one half and eight cents a quart, which, as you see, figures something over two hundred per cent. increase in the last five years. In that same period the increase to the consumer has been about one hundred per cent. That is, for the milk sold five years ago the consumer paid about eight cents a quart, and he is paying to-day about sixteen cents a quart.





Com. BIRD. I beg pardon. I thought you were referring to an advance since the Commission had come into existence.

Mr. SWAN. No. I admit that since the Commission took hold the increase has not been more than thirty or forty per cent.

Chairman ALLET. I am sure the Commission feels grateful, Mr. Swan, for the kind words you have said as to the intention of the Commission.

Mr. SWAN. I think the Commission has tried to deal with this very intricate problem very loyally and very earnestly, and with a spirit of fairness to all hands. I do not think that the public has sufficiently realized that, because they are not perhaps familiar with the work of the Commission in keeping down what might have been some very excessive prices, if the Commission had not acted.

Chairman ALLET. We are also very glad to get your suggestions in regard to some constructive effort. We have the figures put in yesterday before the executive committee for the various milk distributors, and if there is any question now to be asked about those figures we will be glad to take them up.

Mr. CUSICK. Did you mean, as far as the dealers are concerned?

Chairman ALLET. Yes. We will hear the dealers first, this morning.





STATEMENT OF JOHN F. CUSICK, Esq.

Mr. CUSICK. Mr. Chairman, I want to say this. We put in our figures as nearly in accordance with what somebody calls the Bible, what I call the Book of Revelations, which I think is nearer to it, as possible, and we have now got a copy of the sheet sent by H. P. Hood & Son. That does not conform with the requirements of this cost accounting. I have just been taking it up with Mr. Seers. I did not have the time to take it up with him before. These figures put in by H. P. Hood & Son cannot be checked up comparatively with our figures. This is a matter that affects not only us, but the Board. If you will look at the sheet they have submitted, you will see that their figure brings the total cost, assembled under the directions of the Commission -- that is, under the method provided by the Commission -- down to .06712. The Alder Company sheet for September, as furnished under this direction, indicates a total expense of .08379; the Consolidated Whiting sheets indicate a cost of .08469. There is no doubt in my mind, from a cursory view of this sheet of the Hood Company, that probably some error or mistake has been made in it. It has been submitted to our accountants, and they think, too, that there has probably been some mistake made, or else that all the items required under the Board's methods have not been figured. That is only guesswork, and I cannot tell you clearly about it, in the absence of the second sheet required by this Commission. That sheet is not here. The importance of





that to the dealers can be very readily seen. Every sheet that tends to represent the cost of the assembling or delivering of a quart of milk that is produced before this Commission is evidence, has some bearing on the price which you make. It is entirely proper, if you assume that the Hood Company has followed the requirements of the methods you have suggested, that you should in the first instance give as much weight to the Hood accounts as you would to the Whiting accounts or anybody's else. But, in view of the fact that they have not complied with this accounting method, there is no possible way to check the thing up and detect an actual mistake, if one was made. So I ask the Commission to rule, before these figures are discussed or before they are received in evidence, that all the companies comply with the requirements of the Commission. I will call your attention to page 2 of the Book of Revelations:

be kept  
 "The distributor's records shall, with sufficient  
 particularity to show fully the facts pertaining to  
 all entries made in the accounts provided herein.  
 If the full information is not recorded in the general  
 books, the entries therein shall be supported by  
 other records in which the full details shall be  
 shown. The general book entries shall contain suf-  
 ficient reference in detail records to permit ready  
 identification, and the detail records shall be  
 filed in such manner as to be readily accessible for  
 examination by representatives of the regional milk  
 commission."





I read into that that those records, of course, should be accessible to examination in everything except the particulars of the investment accounts, which was an independent ruling of the Commission, to the representatives of the other companies. I feel that this is simply a mistake. I cannot tell in regard to that until the detail figuring and the second sheet are produced. I ask that the Commission rule that these accounts, before they are received in evidence, conform with the requirements of the Commission's order and that the companies be ordered so to adjust their accounts and file them, whereupon each company may have access to those accounts and may then make a definite suggestion in regard to the matter if any error or any discrimination appears in them. That is the only practical way in which we can get at the matter. This suggested system seems to be all right. You may have to make some modifications in the interest of simplicity. But this is the first time it has been used, and, understand, we have gone to tremendous expense and work to make an account consistent with the requirements of the Commission. We have had at least one of Scovell & Wellington's men, and sometimes two, at each plant for several weeks. We have been handicapped, because Mr. Cushing, who had charge of this, was drafted, was about to be sent to camp, and had made all his preparations to go, being obliged to stop the work which he had started, whereupon the Wellington firm took it up. Then the armistice was signed and Mr. Cushing was sent back, to be met with the influenza, from which he and his family suffered. So we



have had tremendous difficulty and have gone to great expense to get these definite, allocated figures before this Commission. It means a lot to us. If we were to leave the matter to stand as it is, it might well be argued by you that, if we did not attack those figures, in the interest of the public you would have a right to base your figures on the cost of the lower firm, under this system.

Chairman ALLET. I think it is quite clear to the Commission.

Mr. COUSICK. Very good.

Chairman ALLET. We would like to hear from Mr. Sears. I understand that Mr. Cusick has raised the question of one sheet not having been filed with the Commission, a sheet comparable with others that have been filed. Will you be able to file that very soon, Mr. Sears?

Mr. SEARS. Mr. Willett says he will be able to file that.

Mr. WILLETT. It will mean a duplication of work. I will get it out as soon as I can. It will be a few days.

Mr. SEARS. Mr. Willett says he will have it in a few days, Mr. Chairman. I want to say, in regard to these figures, that the position of the Whiting Company is a little different from that of H. P. Hood & Sons, in this respect, that the subcommittee who had the question of accounting in charge employed a firm of accountants who had been working upon and preparing the figures of the Whiting books ever since this Commission was started. So it has been a simpler matter for these same accountants to prepare the figures on the lines upon which they wanted to have the information





than it has been for Mr. Millett, who has been his own accountant, with the regular office force. Mr. Millett feels very sorry that he has not been able to have those figures here to-day, but he will have them here as soon as possible. I do not know anything about the difference in costs between the Whiting Companies and the Alden Company, and H. P. Hood & Sons. I presume there will be some difference in their costs.

Mr. CUSICK. Surely there will, but not that difference.

Mr. SEARS. I would be surprised if there were not a difference.

Mr. CUSICK. Mr. Chairman, just in order to place the Whiting Company in a proper position in connection with what Mr. Sears has said as to the employment of Scovell & Wellington, as I understand it, and I know it is true, finally, before this present system was adopted by the Commission all the accountants got together -- Mr. Millett, representing the Hood Company, Mr. Rimbach, representing the Alden Company, and Mr. Raymond, representing the Whiting Companies. They had opportunities to go into, and did as a matter of fact go into, this entire system, and I understood that it was entirely agreed to before it was presented to the Commission the last time. Now, whether the Commission changed any of it or not, I am not informed; but all these men had an equal opportunity to understand this system. The only difference between the Whiting Company and the others is that from the start, the Whiting Company, as a matter of business policy, has considered that it was wise to have





its bookkeeping reformed consistently with this classification, because they think it is a good thing, and we have been attempting to do that. That is the only difference, so far as I know, between the different concerns. We have not completed that classification of our books, and it will be some time before we do so. We have to pick out from different accounts, the same as the others do, at this time.

Chairman ALLEN. I understand that there has been no objection from the Hood Company to following the uniform system of accounting suggested?

Mr. SEARS. Mr. Chairman, there is this objection, -- that is, there has been this misunderstanding. Mr. Cusick says there was a meeting of the accountants. I suppose he refers to a meeting with the subcommittee, at which the accountants were present, where a report of Scovell & Wellington Company was gone over?

Mr. CUSICK. No, I did not mean that. They had meetings at my office, day after day, going through the whole thing, and agreed upon conditions. I think they must have had meetings half a dozen times. Isn't that right, Mr. Raymond?

Mr. RAYMOND. That is about right, yes.

Mr. SEARS. Well, wherever there was a meeting, I understand that there was a certain agreement, and that the second sheet sent out by the subcommittee, according to Mr. Willett's recollection, was not in accordance with what the accountants agreed upon. I speak of this not because H. P. Hood & Sons are unwilling to furnish the information as the



Commission wants it, but simply as bearing upon Mr. Cusick's statement that it was all agreed to, exactly what they would do, and that they knew in advance exactly what was to be done.

Chairman ALLEN. I think it is unnecessary to go farther with that, if your company can furnish the figures within three or four days, as Mr. Millett says he thinks he can do.

Mr. MILLETT. Just as soon as possible.

Mr. SEARS. He says that he will do so just as soon as it can be done.

Chairman ALLEN. What date will that mean?

Mr. MILLETT. I am sorry to say that I cannot say, exactly. I wish I could. I woke up to the fact that this second sheet was somewhat different from the first one. It means in our case duplication, going through our entire records from the ground up. It took us two weeks to set up the first. I don't think this would take two weeks, but maybe a week.

Chairman ALLEN. It may be beside the point, but why didn't you work out the two sheets together?

Mr. MILLETT. As a matter of fact, I was slow in the matter, I guess, Mr. Chairman. It was a poor job on my part.

Chairman ALLEN. Well, we will forgive you that if you finally get it right.

Mr. MILLETT. I feel the thing very keenly, Mr. Chairman.

Chairman ALLEN. I suppose there is no chance for





further discussion of the matter at this time.

Com. BIRD. I think there is, Mr. Chairman.

Chairman ALLEN. The Commissioners have some questions they would like to ask. Mr. Millett, will you please take the stand?

HENRY O. MILLETT, Sworn.

Q [By Com. Bird] Mr. Millett, in the sheet that you submit to the Commission on the cost per quart you give as the average selling price on family milk .1475? A. Yes.

Q Just how did you arrive at that, when the Commission's price is 15 cents? A. Our sales include sales in markets outside of Boston. In two or three of those the selling price in the month of September was lower than the Boston price, and, therefore, our average selling price was a trifle lower than the Boston selling price. The actual figure I can get for you.

Q [By Mr. Cusick] This is only for the Boston market?

A I cannot untangle those, offhand.

Q [By Com. Bird] I notice that under your assembling costs you do not enter any laboratory expense. A. I beg pardon. It is under the head of buying, inspecting and laboratory.

Q Then, that is under the country charge? You charge all the laboratory to the country end of the business? A. We do. The book of revelations, as Mr. Cusick calls it, provides that the laboratory expense may be distributed in accordance





with the ideas of the individual dealer. We charge all of ours into the country, and you will notice that we carry none of that item under the head of city expense.

Q I noticed that, and wondered whether it was an omission or whether it meant that the country end of the business bore all the laboratory expense. A. Broadly speaking, we have looked at the laboratory expense in that way, and have so treated it, as a country expense. That is the result of our experience and judgment.

Q I notice that under the city expense there is no charge for shortage at all. A. We keep no such account. That is provided for in the book, also.

Q Don't you have any shortage in connection with drivers, and so forth? A. Whatever loss we make in that way, if it is a shortage of milk, we include in our shrinkage figures. It appears there or under bad debts, with us, appears in one place or the other. That, I think, is also in accordance with the provisions.

Q Then, you have an item here of miscellaneous expense, under city expense. A. Yes, sir.

Q We will have to go back to the book of revelations, again?

A Yes, sir.

Q And I would refer you to the second page, which says: "Any expenses not covered by the following items shall be included under Miscellaneous, but a statement shall accompany the report giving in detail all items included therein." A. So it should.

Q Will you give us that statement? A. I will give you that statement when I make the report. It will be a small item.

The first part of the paper discusses the importance of maintaining accurate records of all transactions. It is essential for the business to have a clear and concise record of all income and expenses. This will help in the preparation of the annual financial statements and will also be useful for tax purposes. The second part of the paper discusses the importance of maintaining accurate records of all assets and liabilities. This will help in the preparation of the balance sheet and will also be useful for tax purposes. The third part of the paper discusses the importance of maintaining accurate records of all equity transactions. This will help in the preparation of the statement of equity and will also be useful for tax purposes. The fourth part of the paper discusses the importance of maintaining accurate records of all debt transactions. This will help in the preparation of the statement of debt and will also be useful for tax purposes. The fifth part of the paper discusses the importance of maintaining accurate records of all other transactions. This will help in the preparation of the statement of other transactions and will also be useful for tax purposes.

There are some items like car fares and telephone charges, that do not seem to be provided for otherwise.

Q Under your "Loss from bad debts," which also bears part of your shortage, I notice that the only bad debts you have at all are on the family trade. Are there no bad debts in connection with stores, hotels, and restaurants? Are they all good pay? A. Well, they are not necessarily all good pay, but we make a very small loss, so small that it would take lower decimal figures than there are here to show it.

Q The reason why I speak of it is that I notice the other dealers all have bad debts for the different classes of trade, and I thought that perhaps you were exceptionally fortunate. A. Well, perhaps we are.

Chairman ALLEN. Any other questions?

[No response.]

Q [By Chairman Allen] Mr. Millett, can you give us the date when you can make this return? We have to plan to have another meeting of the Commission. What is the date when you will have your figures in? A. When did you want to meet?

Q We want to meet before the first of December. A. Well, I am in hopes of being able to get the thing out in a few days, working Saturday afternoon, Sunday, and so forth, but I would dislike to make a promise I couldn't keep.

Q Will you have it the Friday after Thanksgiving? A. Yes.

Q Surely? A. Yes; probably before.

Mr. CUSICK. I would like to call attention to a statement made by Mr. Millett, and perhaps we ought to have





the same understood here now. I understand that this cost accounting required by the Commission refers only to that section, Boston, for which you are now making the prices. I would simply like to say that if Mr. Millett has included his sales all over New Hampshire and everywhere else outside of this section, no other concern is doing that. So that had better be straightened right out. I understand that you cannot get comparable costs upon which to base price fixing here, the Boston prices, if there are going to be put in expenses in Portsmouth, New Hampshire, and at other points in New Hampshire where the Hood concern is doing business. I do not care, but I am only calling to your attention, gentlemen, the fact that the figures, in order to be of any benefit at all, should be comparable. We have only figured our business under the Boston prices, and, of course, if another concern figures differently, that will make a difference. The understanding here, as I understood it, was that this cost sheet should relate only to the Boston prices and to the cities and towns covered by the price fixing in Greater Boston.

Q [By Com. Bird] Mr. Millett, is this applicable also to your cost for distribution? A. Yes.

Q Is your cost for distribution for these other cities lower than it is in Boston? A. It is a very little lower, yes.

Q That would have a tendency, then, to reduce your costs for distribution? A. To some slight extent, yes.

Q [By Chairman Allen] Now, Mr. Millett, can you reduce your figures to Boston? A. I don't think I can, Mr. Chairman.



The business is handled as a whole, in many ways. As a practical matter, I don't know how to disentangle that business in the outside cities.

Q Well, what the Commission has had in mind, what it wanted, you know, was Boston figures? A. I don't suppose I ever gave it any particular thought, in that respect, that that was what you wanted, and I don't know how to get at it.

Q It may be the Commission's fault that the thing was not definitely understood, but I still think those are the figures we should have. A. I shall not put the responsibility on the Commission for not so stating it. The misunderstanding was undoubtedly on my part. But I don't know how to get at it, don't know how to disentangle many items of our expense accounts from the Boston business. Therefore, as I think I have stated at different times, this covers our whole milk distributing business.

Q Couldn't you give us the cost of distributing in other places, so that from that we could arrive at some figure for Boston? A. I could probably make a general statement, but I don't know how definitely the statement I could file would cover that. I would state generally that probably the cost of distribution in the other cities will average a quarter of a cent less than in Boston.

Q You do not keep a separate profit and loss statement for Worcester, for instance, or whatever the city may be?

A Only partially so.

Comm. RUSSELL. Of course, this statement is worthless for any comparative purposes as made up, entirely worthless, when compared with the statements of people who





are making statements on other lines.

Mr. CUSICK. We are willing to have Worcester included. That is all right, if you wish, so as to have the thing on all fours. But outside of the state we couldn't do it.

Mr. WILLETT. Worcester?

Mr. CUSICK. Yes. You mentioned Worcester, or it has been mentioned.

Mr. WILLETT. I recognize the situation, but the fact is that we are doing business in these other places, and it is all one business.

Chairman ALLEN. I don't see how we can use those figures for settling Boston prices at all, as comparable with the other sheets submitted by the other distributors, who have confined themselves absolutely to Boston delivery.

Mr. WILLETT. I presume that is so, Mr. Chairman. It is a situation which, I am sorry to say, I don't see how we can help, because we are doing business in those places. We are buying milk in lump, if you please, and many of our records kept in our Boston office show the business as a whole.

Chairman ALLEN. Isn't that also true of the Whiting Company, that they are doing business in a number of places?

Mr. WILLETT. I cannot say how true it is of the Whiting Company.

Chairman ALLEN. They must have segregated their figures in some way.

Mr. SEARS. Aren't there Worcester prices in the



figures as submitted by your client, Mr. Cusick, put in here as Boston figures?

Mr. CUSICK. The Worcester prices are weighted, in some way, and there are no definite sheets to show it. But take our summer business, for instance, in Nantasket and other places, that is not included in the Boston prices. We have been getting sixteen or seventeen cents a quart, where the prices here would be fifteen and sixteen. That is all eliminated from our accounting, because it could not be comparable with your Boston prices. I cannot say what they have done, as far as Worcester is concerned, but I understand that they have weighted it in some way. But all other places have been figured on the theory set forth here by the Commission. Aside from Worcester, we have no other places except the towns and cities involved here in this hearing.

Mr. SEARS. Of course, that makes the Whiting account a good deal simpler.

Mr. CUSICK. No. We have other places that we have eliminated.

Mr. SEARS. I didn't know you had.

Mr. CUSICK. Yes. For instance, we have Providence, we have Nantasket, and we have that place outside of Quincy, that summer place, Hough's Neck, where we have some dozen routes, but on a different figure from what you make here. As a matter of fact, the Commission will probably recall, in regard to the price made for Hough's Neck, that we came before the Commission to ask your consent on the thing. Those places we have taken out and eliminated from our cost accounting sheet. Mr. Wellington perhaps can tell you about the





thing, how they do that, better than I can.

Chairman ALLEN. I think we would all like to know. That borders on a school of accounting.

Mr. CUSICK. He is a good teacher, I guess.

Chairman ALLEN. I don't doubt it. But the fact remains that these figures and the figures Mr. Willett was going home to work on, when he got them all done, would not be worth anything to this Commission from the comparative standpoint.

Mr. CUSICK. No.

Chairman ALLEN. Now, I don't know that we should sit as a court of judgment too much, but it simply puts the Commission in a position of not being able to use the Hood figures.

Q [By Comm. Murdock] How much of a job would it be, Mr. Willett, to make up a set of figures that could be compared with the Whiting figures? A. I presume to say that Mr. Wellington, for instance, or some good expert accountant, might be able to do that. I don't know. Personally, with me it is not a question of how much of a job it is, because I am not enough of an accountant, no matter how big or little one I may be, to know how to do it. I don't know how to untangle them so as to make a fair showing.

Chairman ALLEN. Then, perhaps, it is fair to assume that Mr. Sears could answer that. I think you will realize, Mr. Sears, the burden is put on the Hood Company, because of not really complying with the request of the Commission, which, after many sessions, had agreed that it could not do anything until it had a uniform system of accounting, under



which the figures of the different concerns could be compared. It puts the Hood Company in the position of not complying with the request of the Commission in regard to these figures. I think, if any question came up, the Hood Company should have said, "We cannot do this, cannot give you the figures as you wish them." As it is, somebody has been to a lot of work, and we have not got anywhere.

Mr. SEARS. All I can say, Mr. Chairman, is that we are very sorry this has happened. It is a condition, however, that confronts us, and all I can say is that if it is a possible





thing, with the Hood books, to get these figures, they will be submitted to the Commission. But I will agree with you that if the fact that certain outside businesses -- like the business of Manchester and Lawrence -- are included in these figures so destroys their value that they are useless for purposes of comparison, then, whatever consequence there is attached to that fact the Hood Company has to bear, that is all. But I agree with you, also, that there isn't any use in Mr. Millett spending several days to get up further figures on this same basis or requiring the members of the Commission to come in again in order to receive figures which they now consider of no value. In a general way, the volume of business that H. P. Hood & Sons does outside of Boston is not great enough to account for the discrepancy, the difference between H. P. Hood & Sons' figures and the Whiting figures, as I believe. Isn't that true, Mr. Millett?

Mr. MILLETT. As I say, it might be a quarter of a cent less for the other places, which, taking the whole volume, would make a very small difference.

Q (By Mr. Sears.) Are there any other places besides Lawrence and Manchester where you sell milk, outside of the control of this Federal Regional Milk Board? A. We sell milk at Providence, but I am not quite sure of the status of Providence. I understand that the Commission made prices at Providence, but I don't know just how.

Q The figures there are about the same? A. It probably costs as much or more to do business there than in Boston.

Q And how large would be the total volume of your Manchester and Lawrence business? -- I mean, compared with your whole business, as shown on this sheet? A. Under ten per cent. I cannot



say, exactly.

Commissioner RUSSELL. It does not seem to me that this is material. It appears evident that the figures are not made up in a comparative way, and, as we don't know how the figures are made up for Manchester or some other places, that does not seem good evidence or worth while taking up the time of the Commission over. If one large concern in Boston can make an accounting which complies with the wishes of the Commission, it would seem as though another concern can. I don't know much about the milk business, but I am much surprised at what has developed here this morning.

Mr. SEARS. I want to say this, in reply to what Mr. Russell has said, that this Commission must remember that up to the present time, of the three Whiting concerns, only one of the Whiting concerns has given any figures, and that one of the large concerns subject to this agreement has never given any figures at all and is not prepared, as I understand it, at all today to give any figures. And yet, I have not heard a word of criticism of that fact.

Mr. CUSICK. I beg your indulgence for a moment, Mr. Chairman. That is not true.

Chairman ALLEN. I don't think, Mr. Sears, that that is a justification at all. I think you will allow the Commission to deal with those other situations. In view of what has developed here this morning, and in view of Mr. Millett's statement that he does not know how to do this, would you be willing to have the Commission appoint a certified accountant to go in and work with Mr. Millett to get out this statement?

Mr. MILLETT. It depends on who it is -- not a Whiting man.

Chairman ALLEN. I said, Mr. Sears, a certified public





accountant, whom the Commission would select. I don't think you need to ask us whether we will select one of the other companies' accountants. I think you would pay us the compliment of feeling that we would select an accountant who would be satisfactory.

Mr. SEARS. I don't see any objection at all to that, Mr. Chairman. Do you, Mr. Hood? (Mr. Hood did not.)

Chairman ALLEN. Will you agree to that?

Mr. SEARS. Yes, certainly, Mr. Chairman.

Mr. Cusick. I would crave the indulgence of the Commission for a moment, Mr. Chairman, because I don't want my clients misrepresented in this matter. In the first accountings we had here, with the consent of the Commission, D. Whiting & Sons were taken as typical of the three concerns, and you have in your possession the exact accounting provided for by the Commission from the first day you met up to the present time, in the manner and method requested by the Commission. It was assented to by the Commission that D. Whiting & Sons was typical, and they permitted us to do that. These accounts are the consolidated accounts of the three concerns; and, in addition, you have the working papers of each concern, as arranged with the Commission. So it is not fair, Mr. Sears, to talk about the failure of the Whiting Company in this matter, or to criticise the Whittings as you have done, because the Whiting Company has done nothing to be criticised for.

Mr. SEARS. I don't say they have.

Mr. CUSICK. We have attempted now for seven months to get comparable figures here, and have not been able to do it.

Chairman ALLEN. I did not ask, Mr. Sears, whether you would stand the burden of the accountant. The Commission hasn't any money to spend on that, so I will have to ask you if you will consent to what seems to be a burden on the Hood



Company?

Mr. SEARS. Certainly.

Chairman ALLEN. Thank you. Are there any other questions? (No response.) Then, the Commission will adjourn. You will be ready, Mr. Pattee, probably at two o'clock this afternoon?

Mr. PATTEE. Yes, sir.

CHANGE ON D. WHITING CONSOLIDATED SHEETS.

Mr. CUSICK. Mr. Chairman, Mr. Wellington wishes to call attention to an error in the account, and have it corrected.

Mr. WELLINGTON. There is a difference of an even thousand dollars in the calculation of dollars and cents on the Consolidated Statement. It can be corrected on your copies in ink if you prefer, or can be corrected with the type-writer, whichever is better. Referring to the Consolidated Statement of whole milk operation, on the second sheet, the total sales should be \$414,000 instead of \$413,000, and that will change the resulting net loss at the bottom of the sheet. It changes the loss from \$2300 to \$1300.

INCLUSION OF WORCESTER FIGURES IN WHITING ACCOUNT.

Mr. CUSICK. Mr. Chairman, Mr. Wellington states that the weighted Worcester account is included in the accounting, and we will take it out. I am speaking for the Whiting interests.

Chairman ALLEN. Yes; and we want Alden's second sheet.

(The hearing was adjourned to 2 o'clock p.m.)

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AFTERNOON SESSION.

The hearing was resumed at two o'clock p.m., Chairman ALLEN presiding.

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Chairman ALLEN, in calling to order, said: Gentlemen, the hearing will be resumed. Mr. Pattee, are you ready to put in your papers?

STATEMENT BY MR. RICHARD H. PATTEE.

Mr. PATTEE. Mr. Chairman, last month the Commission awarded prices at Fall River, Massachusetts, upon the request of the Producers and the Dealers in that market. There have been certain violations of the findings and awards of the Commission in Fall River, and the men are up here, men who produce for that market, ready to testify before your Commission. They have also brought with them affidavits from others. They have to return early this afternoon. Would it be possible to hear them now?

Chairman ALLEN. In the hearings, did both parties agree to abide by the findings of the Commission?

Mr. PATTEE. I so understand, Mr. Chairman. Other members of your Commission were present.

Chairman ALLEN. Then, what do you want to bring before the Commission?

Mr. PATTEE. I want to bring before the Commission the evidence of the violation on the part of dealers of the findings of this Commission, and ask that the Commission take steps to enforce its findings.

# THEORY OF THE EARTH

CHAPTER I. OF THE ORIGIN AND GROWTH OF THE EARTH.

SECTION I.

OF THE ORIGIN OF THE EARTH.

THE EARTH, as we see it, is a globe, or sphere, of a very great size, and is composed of a great number of different parts, or elements, which are united together, and form a whole. The parts, or elements, of which the earth is composed, are the air, the water, the fire, and the earth itself. These four elements are the basis of all that we see, and are the materials of which all things are made.

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Chairman ALLEN. Well? I think the Commission will do that.

Mr. PATTEE. It is a new procedure. I don't know just how to present the matter, except to present it on the affidavits of these men and the evidence of the farmers who have come here to testify.

Chairman ALLEN. The Commission intends to have its findings lived up, and if you have the affidavits there I think the Commission would like to see them. I understand that it is a violation of the decision of the Commission?

Mr. PATTEE. Yes, sir. Here are the affidavits, and I don't suppose it is necessary to file the findings of the Commission or any correspondence. Mr. G. A. Douglass and Mr. John Schlegel, of Tiverton, Rhode Island, are present, and, if the Commission wishes, can state the situation down in that section. I will call Mr. Douglass, if the Committee wishes.

Chairman ALLEN. All right.

GROVER J. DOUGLASS -- sworn.

Q (By Mr. Pattee.) Your name and address? A. Grover J. Douglass, Tiverton, Rhode Island.

Q Are you a milk producer? A. Yes, sir.

Q Where do you sell the milk? A. Fall River.

Q To whom? A. M. E. Davis.

Q Will you state to the Commission the situation in respect to Mr. Davis? A. Well, as I understand it, the Commission fix the zones in the vicinity of Fall River. That is, the first zone would be 20 miles out, and the representatives from the locals around there divided that first zone into three zones--that is, 6, 10 and 20 miles,- and they agreed to charge within the first zone, 6 miles, 10 cents a quart and allow them the





rest for handling the milk; in the second zone 9-3/4 cents, ten miles out, and from ten to twenty miles 9-1/2 cents per quart, at the door. Some of the dealers came down and paid the price and others refused to do it, and we are leaving them milk.

Q Who refused? A. The names are on the paper, the affidavits.

Q Who are they, the dealers? A. The dealers are M. E. Davis, Peckham-Davis Company, O. Charest and Franklin E. Brow.

Q When did these people refuse to take your milk and pay you the price? A. Last Sunday morning. The thing had been hanging fire and we had been trying to get them to say they would pay the price a week or two before that.

Q Do you know whether or not those same dealers are paying a different price than that ordered by the Commission in other sections? A. In Swansea, Westport and Westport Harbor, they are paying the price, and in North Tiverton.

Q What, if any, reason was given to you for not giving the price?

A As I understand it, they say they have given us a lower price down there and will continue to do so.

Q Who said that to you? A. I didn't hear that said to me. That is just what is nosed around there. It is not official.

Chairman ALLEN. The only thing that can be put in here, of course, is a protest. We cannot have a hearing upon the matter at this time.

Mr. PATTEE. No, but I want to call your attention to the situation. I don't know just how to proceed, except to continue the story, telling what the facts are.

Chairman ALLEN. We can have the other parties present and can have a hearing, if it is necessary.

Mr. PATTEE. All right.

Comm. MURDOCK. Have you called the attention of the other parties to the fact that you were going to bring it up?



Mr. PATTEE. The other parties have been notified. The first appealed to the Secretary and he wrote to the parties defining the findings. These people will show that the dealers down there have not complied with the finding and are still refusing, and I ask them to present their evidence that they are still refusing.

Comm. MURDOCK. Yes, but have you notified these dealers that you were going to bring this matter up here today, so that they could be heard?

Mr. PATTEE. No, sir, not in regard to having a specific hearing on this particular thing.

Comm. MURDOCK. You just notified them generally that you would protest to the Commission?

Mr. PATTEE. Yes, sir. I am not familiar with such procedure and don't know how to go into court, to show a reason for going in.

Comm. MURDOCK. The first thing is to let the other fellow know you are going in.

Mr. PATTEE. Well, he knows it. Now, Mr. Schlegel will tell the same story, to establish a violation of the ruling down there. If the other parties want to come in later and testify, all right. Is there anything else?

Chairman ALLEN. As I understand it, the only thing we can hear today is a protest. You will file these affidavits here, and, while I cannot say what the Commission will do, I feel that the Commission will write to the dealers and ask whether they are living up to the agreement entered into. If it appears that they are not living up to the agreement, the decision that was made at that time, we will so notify them, and that may bring them around. If not, we will have a hearing and have them here. Of course, the decision would be





retroactive.

Q (By Comm. Murdock.) Mr. Witness, what reason do you say they give for not complying? A. No official reason, but I have heard it nosed around.

Q Well, you have talked with your own distributor? A. Yes, sir.

Q What did he say? A. He says he is not going to pay the price. He says they haven't paid the price in other zones around, and that they are not going to now; haven't had any zones established there before.

Q (By Chairman Allen.) That zone was established by the Commission? A. Yes, and, as I say, was split up by the executives of the locals there into three zones.

Q And that was agreed to by the producers? A. Yes.

Q Then, the dealers are not living up to the agreement that they made with the producers outside of the Commission? A. No.

Chairman ALLEN. You will leave those affidavits, will you?

Mr. PATTEE. Yes, sir.

(The affidavits above referred to were left with the Commission.)

W. P. DAVIS -- sworn.

Q (By Chairman Allen.) What is your full name? A. W. P. Davis, of the New England Milk Producers Association. In accordance with a request made by the Commission at its last hearing, or one prior to that, a system of farm accounting was taken up and discussed. The farm management specialists of the various states were called together to formulate some such system as could be put into general use throughout New England. In the meantime, to secure cost figures that conference of



farm management men recommended that the questionnaire method of securing prevailing prices of feed and labor be continued, and as a result of that questionnaires were sent out this month, as they have been during the previous two price-fixing periods. Those questionnaires called for costs of feeds, labor, and the amount of stock, and so forth, on the farms. The questionnaires returned have been summarized, and the second sheet of this exhibit shows you the tabulated costs of grain, hay, silage, green feed and other dry roughage, per ton, and the costs of labor by the month, with board; by the month, without board; by the day, with board; and by the day, without board, in Maine, New Hampshire, Vermont, Massachusetts and Connecticut.

(The paper referred to and introduced in evidence by Mr. Davis, comprising seven typewritten sheets,- showing (1) Average cost of producing a quart of milk for certain months in Maine, New Hampshire, Vermont, Massachusetts and Connecticut; (2) Summary sheet of data from milk producers' affidavits, for said states; (3) Cost of milk production for November, 1918, in Connecticut; (4) In New Hampshire; (5) In Massachusetts; (6) In Vermont; and (7) In Maine,- was marked "Exhibit 1 of November 22, 1918, E.W.H.")

Q (By Comm. Sawyer.) Will you please tell us how many questionnaires you received back, and how many were sworn to and how many were not? A. 300 were received.

Q From all the New England States? A. Yes, sir.

Q For the month of --- A. October; that is, the report covered the month of October.

Q Who many were sworn to? A. They all had either the affidavit





or were sworn to before the post master or mail carrier.

Q Are you sure of that? A. I am very sure of that, yes.

Q (By Comm. Jordan.) How many were sent out? A. Two thousand.

There were sent from our office 1200, and 20 each were sent to the Farm Bureaus all over New England. How many were sent from their offices I don't know. They were requested to send them out. I imagine the majority of them did reach the producers. Now, those feed and labor prices were applied to the Chamber survey, and the first sheet you have shows the average cost by states and the weighted costs for New England, the weighted average costs, which appear as 8.2 cents. The weighted average cost per 5000-pound cow is 8.8 cents,- that is, at the country railroad station. Now, I think this system has been discussed previously, and, unless there are further questions, I will just file this as an exhibit.

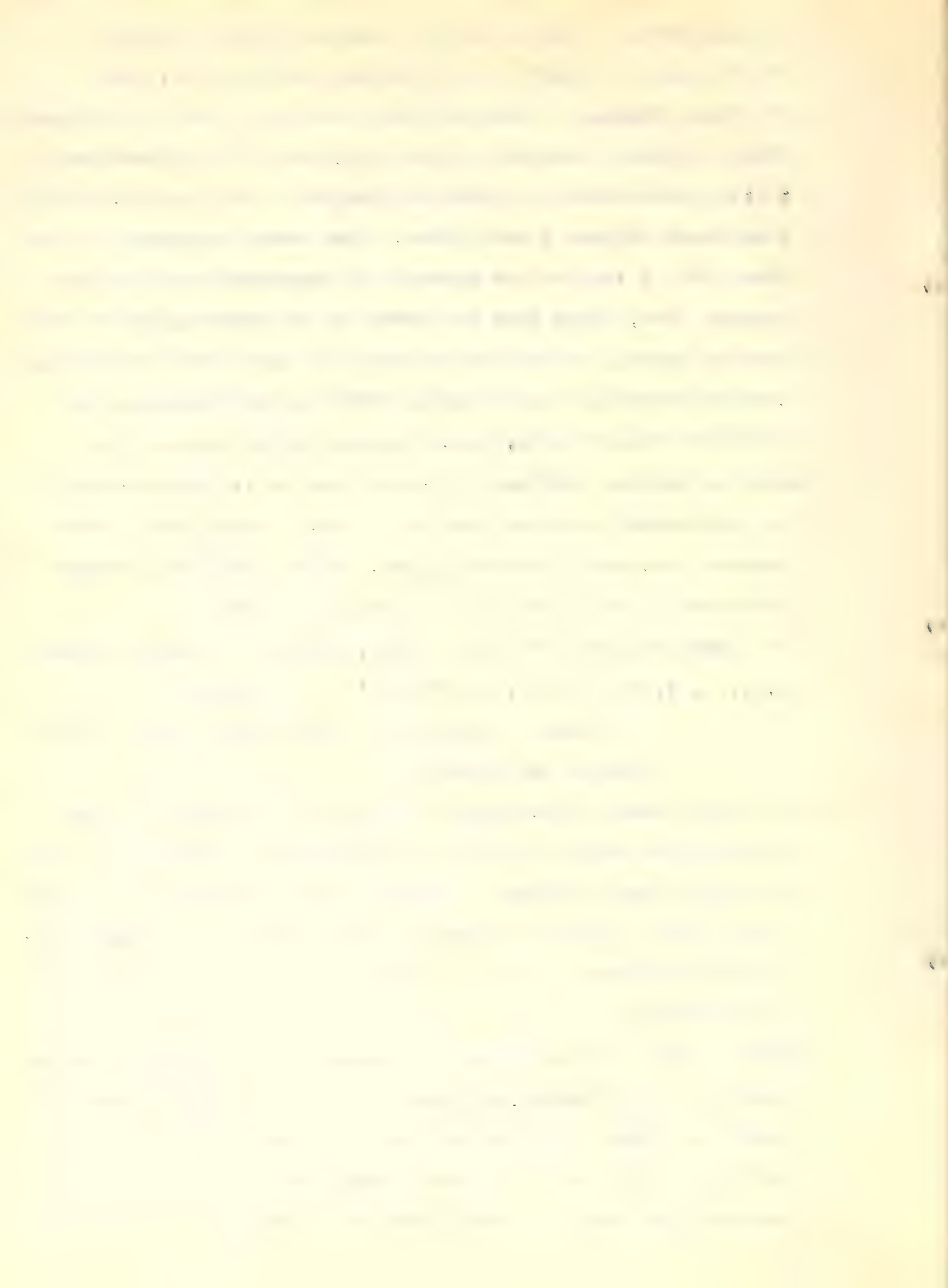
Q (By Comm. Sawyer.) You are filing, then, as an exhibit, sheets 1, 2, 3, 4, 5, 6 and 7, aren't you? A. Yes, sir.

(Papers marked, as stated above, "Exhibit 1 of November 22, 1918.")

Q (By Comm. Bird.) According to this, you make the cost for November the same as the cost for October? A. Yes, sir. There are some slight changes by states, if you compare the cost per quart in the last two columns, showing costs there under October and November. You will see the variation by states, that has occurred.

Q Taking the 300 returns that you received, what was the average number of cows owned, per return? A. I didn't tabulate the number of cows. They run all the way from 3 to 80 in the herd.

Q Don't you think that is quite an important part of this price proposition, that the Commission should know whether they are



getting reports from men who have two or three cows or whether they are getting the averages of reasonable herds? It seems to me that is a very important question in connection with your report. A. I can file that with you later, this afternoon or tomorrow morning.

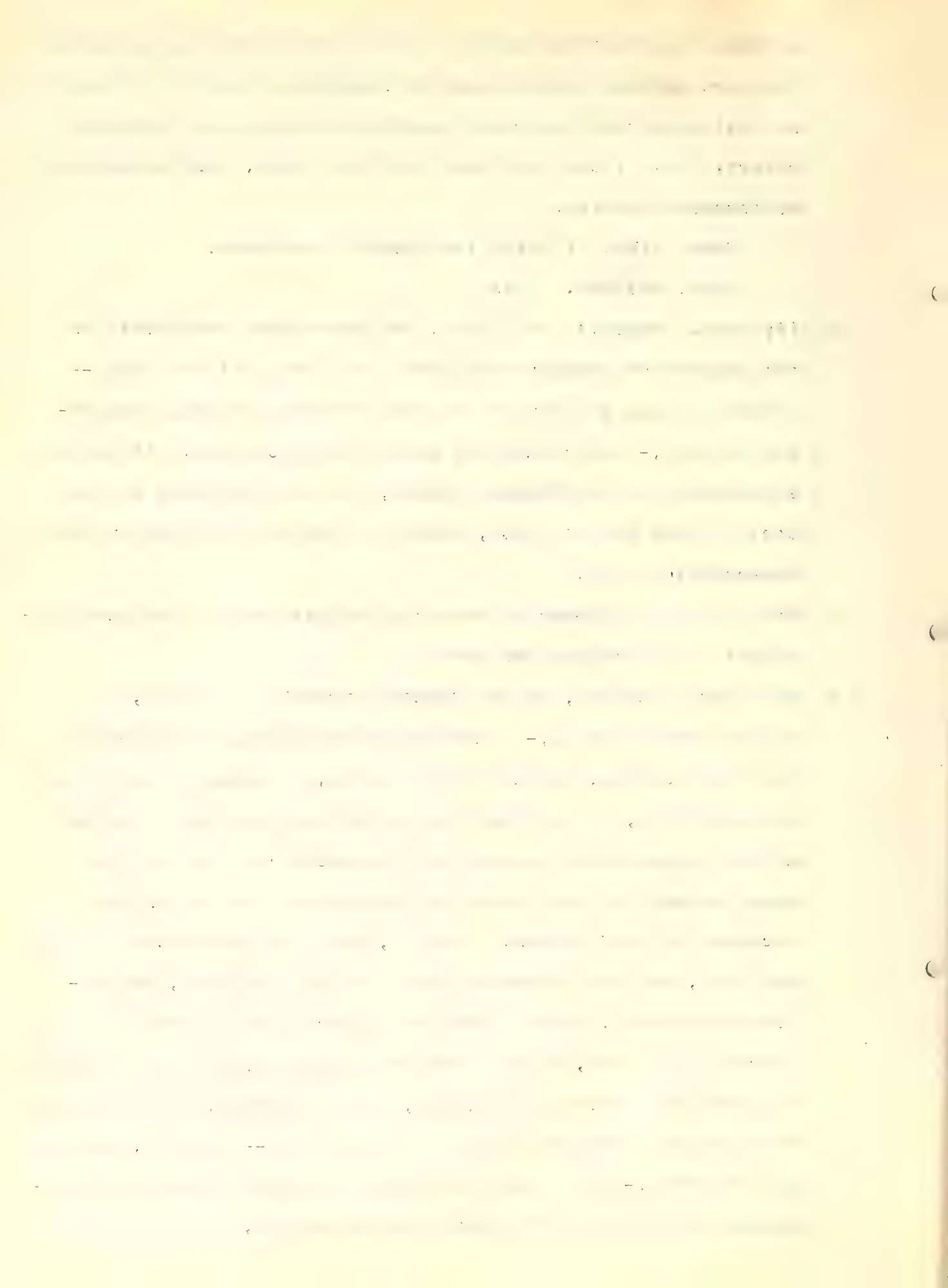
Comm. BIRD. I think that ought to be done.

Comm. BRIGHAM. Yes.

Q (By Comm. Sawyer.) Mr. Davis, you have based your costs on the Chamber of Commerce methods? A. Yes. At the time -- I think it was in July at the time Professor Boutell was employed here,-- one change was made on depreciation. It showed a variation in the Chamber survey, and the increases in the cost of cows and so forth, seemed to warrant a change in that depreciation cost.

Q What have you figured as depreciation per cow on that questionnaire? A. Fifteen per cent.

Q What was it before, in the Chamber survey? A. Well, it varied from 11 to 16,-- something of that kind. I believe in the first survey, in one of the states, it seems to me it was Massachusetts, at the time the survey was made there was an actual appreciation instead of a depreciation, due to the sharp advance in the prices of animals as a result of the increase in beef prices. That is, the year dated back to 1916 and 1917, and the inventory value in 1916 was less, had increased in 1917, which showed an appreciation instead of a depreciation. Yet, if you took the actual losses over a period of years as a result of disease, loss of udders, and the stock that was sold from the herd due to old age -- that is, old cows, and so forth,-- you would find that you should figure in determining any costs of this kind a depreciation, that this was





clearly a condition which does not prevail if you take it over a period of years, just the same as you would figure a depreciation on any line of business. Does that explain the question?

Q That is all I want at the present time. Now, these prices that you submit for November from the different states would be the price or the cost of raising milk for a year if these prices prevailed throughout the year? A. Yes, sir.

Q And you claim that these prices here, or these costs, are what it costs to raise milk in November? A. That has always been an open question and one which we were unable to conscientiously get costs on. They were not available in New England. Now, if it is the intention to reduce prices during the flush seasons, obviously the price should be increased during this season. If you have -- and probably you have -- seen the Warren scale, it shows a variation from 7 per cent to 120 -- 119 per cent for December, if I remember it, 120 for January, and dropping down to 70 per cent in June. That is for the total cost, the same as we present here.

Q That is what I was trying to get at -- November prices or averages for the year. A. Averages for the year, or the prices for feed and labor applied to the quantities which were average quantities fed during the year.

Q What you claim is that these costs are the costs for producing milk in the month of November, or will be the costs?

A No, I don't claim that. This is over the period of the year that November costs apply to the quantity figures, but the cost is greater during the winter feeding period and is less during the summer feeding period.

Q You claim, then, that these costs are too low as submitted here by you for the month of November? A. Yes, sir. To what

THESE are the first of the series of papers which I have  
written on the subject of the "Mystic" and the "Mystical"  
and I am sure that they will be found of interest to all  
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extent they are too low I am unable to give you definite figures upon, but, as an estimate, I believe Professor Lindsay has recently taken up the Warren scale and considered whether or not it might be applicable to New England conditions, and it is his opinion that that scale is applicable to our situation here, in which case it would increase this cost by 18 or 19 per cent, if you arrive at the actual cost of producing milk now.

- Q Now, as I understood the use of these milk costs of production, arranged by the Chamber, and by the examples which have been given, the changes in the prices of feed, such as grain and hay charges, and in the cost of labor, would be applied to the particular items in the Chamber survey. I notice that on other costs, and you have already <sup>explained</sup> depreciation, that you have made changes. For instance, taking the State of Maine, you made other changes right straight through there. You have interest, taxes and insurance per cow, \$8.11; bull service, \$5.08 in November as against \$2.74 in the Chamber survey; while use of buildings is the same, and so forth. A. On taxes, interest and insurance, that change is explained by the increase in valuation per cow. That was determined last month to be \$102, by the questionnaires reported, the average valuation placed by the farmer on his cows.
- Q That was your deduction from the questionnaires in the state of Maine, that the valuation of a cow was \$102? A. Yes, sir.
- Q Based on which set of questionnaires, which month? A. As I recall it, the October set.
- Q You think cows have appreciated since August or July in the state of Maine, from any knowledge you have or examination of the questionnaires? A. Well, that is the only time that question was asked, I believe, was during that month. I





believe it was asked for in the August figures and also in the October figures.

Q Yes. I see it was asked in the months of July and August.

A Yes.

Q I wish you would look up and bring in here, if you can, a recapitulation of the July and August reports for the state of Maine, and tell us what you make the value of a cow to be as reported by the farmer, because I cannot find that the cow value at that time is \$102, as you have stated, and I would like to have you check me up. A. I will do that.

Q And, of course, if you are too high or too low on that it will change all your other figures. I notice that you have materially increased the cost of hauling milk? A. Well, that is on the generally accepted basis of 25 cents a hundred.

Q Who accepted that? A. Well, that is being paid by the Hood Company, and, from all the information we can find, is being paid in the country at the present time -- that is, outside.

Q Is that based on a mile distance, or is it 25 cents per hundred for any distance? A. Well, on the average route over which milk is hauled. It will vary from five to eight or ten miles. An instance came to my attention the other day where 56 cents per hundred was being charged.

Q I know, but why should you make that change in this Chamber of Commerce survey without calling our attention to it before, when we supposed that the only changes were on grain, labor and hay? This is the first intimation we have had that there has been any such change. Does that change apply to previous estimates of cost that you have given us? -- that is, that change in the cost of hauling? A. That change of price was made at the July compilation, when Professor Boutell had charge of the working out of the figures.



- Q Do you remember whether that was called to our attention as a separate thing, or not? A. I don't recall whether it was or not.
- Q How many hours does the ordinary monthly farm hand, at a price per month with board, put in on the farm in the day? We have had some evidence on that on several occasions. A. Why, they vary all the way from 10 to 15 or 17.
- Q Puts in sometime Sundays? A. Yes, sir.
- Q What would you say is the fair number of hours for the monthly farm hand to put in, in the month, the way farms go? Do you know -- yourself, I mean? A. My judgment would be, 300.
- Q Three hundred hours? A. Ten hours a day. This calculation for October on the price per hour has been based on a 30-day month and 10 hours a day.
- Q Isn't it a fact that the ordinary farm hand employed by the month works a good many more hours than that? A. I suppose many of them do.
- Q Well, isn't it a rule? A. And a great many of them are working on regular hours. That is becoming more necessary. That is, taking the hired labor at the present time, it is very difficult to get them to work ten hours, even if you can get them to work that number of hours. Many comments on the questionnaires include the fact that a good deal of their labor is working only nine hours -- that is, the hired labor. The man himself may put in more time than that, the owner, the operator, because he has a personal interest in that business and would be doing little things about the place when his other men are gone.
- Q How many of these farmers, judging from these questionnaires, taking the list sent in here -- 300 is the number, isn't it?
- A Yes, sir.





Q How many of them are really employing labor by the month?

A Well, probably ---

Q I don't want "probably." If you can, I wish you would give it to me exactly. A. Well, I can give it to you, the actual number who report as hiring labor and those who report their own labor, their own time.

Q I wish you would. A. I have not made a separate tabulation of that, but it is easily obtainable.

Q Because, when there are only 300 reports to go on this month, I don't think that is quite enough. I wish you would give it for the other months, too, where there have been reports sent in. A. I don't get those, because most of the reports are sent to the Farm Bureau men, separate bureaus.

Q I can give you the state of Maine. A. It would require some little time to gather them in and get that information.

Comm. SAWYER. That is all now, Mr. Chairman. I may have some more questions later.

Q (By Comm. Jordan.) Mr. Davis, can you give us the number of returns per state? A. No, not right offhand.

Q May we have that later? A. You can have that later; yes, sir.

Q (By Comm. Sawyer.) That is, in the month that these are based on. A. Yes, sir.

Q (By Comm. Jordan.) These 300 returns. A. Yes, sir.

Q (By Comm. Burns.) Mr. Davis, when you gave this report to the Commission, based on the August and October survey, did you notify the Commission at that time that the basis as outlined by the Commission in their previous questionnaire and the figuring of the costs upon that questionnaire had been changed?

A I didn't present the exhibits at either of those hearings.

Q Well, they were presented by the producers? A. They were presented.





Q Well, was there any evidence submitted that you know of to the Commission by the producers to show that changes had been made in the bases of computing those costs? A. Well, the tabulations were discussed at that time. I don't recall whether they were brought out or not. It is my impression that they were gone over and any changes noted at that time.

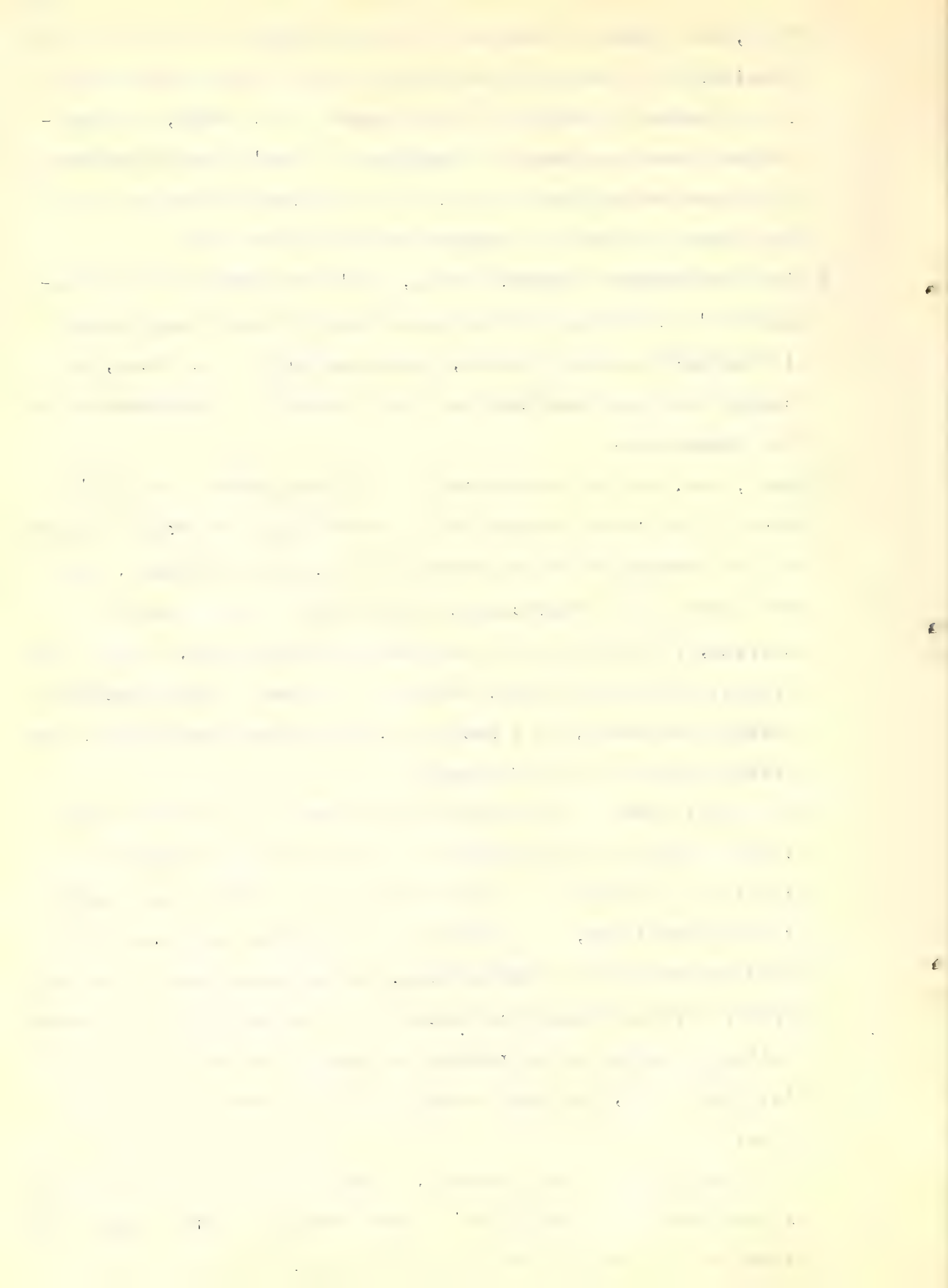
Q (By Commissioner Sawyer.) Well, don't you know that the Commission's attention has not been called to any change except in the mere prices of labor, grain and hay? A. Well, any change that has been made has been brought to the attention of the Commission.

Q Well, now, not in connection with figuring costs. We don't know of any other changes having been brought to the attention of the Commission except those in the prices for grain, hay and labor. A. Depreciation was brought out at the July hearing, I am very sure. That is my recollection, that it was brought out at that time, because it showed a marked increase during that month, as I recall it, and discussion followed the presentation of those figures.

Q (By Comm. Bird.) It would appear to me as if there had been changes made by the producers in the method of estimating costs but that they had not definitely made those statements to the Commission, that changes had been made and where such changes were made in the methods, and it would seem to me very proper for the Commission hereafter to suggest to the producers that any change in the methods be brought out and shown up to the Commission, any change upon which you base your costs.

A I see.

Mr. PATTEE. Mr. Chairman, I think perhaps the Commission is not aware that Mr. Davis' direct connection with these matters and his preparation of these figures does not go back to



the time of the July hearing. He has only had charge of that work since that time, and, if the Commission would permit me, I would like to call attention to the fact that the figures presented at the time when these changes were made were not presented as the original figures of the milk producers. We were notified that the evidence which we had been presenting up to that time was not satisfactory to the Commission, that you wanted more evidence, that you wanted it prepared and presented in a different way. We were consulted, called into conference, with a view to preparing and securing information that could be submitted to your Commission. The Commission itself, I presume, approved, adopted or accepted a questionnaire that we did not originate and are not responsible for, except to the extent that we collaborated in the preparation of it. The Commission, or somebody for the Commission, then sent those questionnaires to a large number of people, including the members of our Association. Those questionnaires were returned to the Commission. An expert under the direction of the Commission or acting in conjunction with or having some relation to the Commission, went to meetings, and we assisted, collaborated all the time, helping the Commission and its expert or the expert acting in conjunction with it to get information direct, other than that returned through the questionnaires, and when the questionnaires were returned and the other information he had secured was made available, this expert, hired by somebody else, without our knowledge and consent, but, getting all the time all the help we could give him, tabulated these figures and presented them as showing the cost of production of milk at the July hearing, if my memory is correct. At that time the figures purporting to show the cost or production were presented by the secretary of the Commission





as the result of the tabulation and the work done by this outside expert whom the Commission was instrumental, I understood at the time and have ever since, in procuring.

Comm. SWAYER. What month was that? Let us have that fixed.

Mr. PATTEE. I think, July. Dr. Gilbert will verify that.

Comm. SAWYER. We have not been talking about July, except where we have referred back for comparison.

Mr. PATTEE. And since then the attention of the Commission, I understand, has been called by us to every change we have made or suggested or reported in the Chamber of Commerce basis of figuring. Now, does that make it clear?

Comm. BIRD. That is clear, Mr. Pattee. I could not tell without referring to the record; personally I do not remember, strictly as a matter of memory, any change in the method of figuring having been called to the attention of the Commission. I realize that the attention of the Commission had been called to the changes in prices.

Mr. PATTEE. Yes, sir.

Comm. BIRD. The changes in costs, but I don't remember of any change in method having been brought to the attention of the Commission. I may be in error.

Mr. PATTEE. I simply don't want the Commission through any line of questioning here to leave the impression that, so far as we are concerned in the submission of cost figures, we have changed a base or altered in any way any of the figures without calling such alteration to the attention of the Commission and defining it, subjecting ourselves to any line of examination with respect to it that you impose.

Comm. BIRD. That probably would be on the records, if there were any records of those meetings.



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Mr. PATTEE. And if there were any changes which were not called to your attention at that time, we disavow any fault in not calling them to your attention, because they were not established, figured or changed by us. We had no voice in changing them, if any change was made. It was not made at our <sup>advice, solicitation</sup> or request.

Comm. BIRD. Who made these figures?

Mr. PATTEE. I don't know.

Mr. DAVIS. I prepared those figures submitted today.

Q (By Comm. Sawyer.) You prepared the October figures, also?

A Yes, sir.

Q Those were not prepared by the Commission? A. No. Those two were prepared, and those costs, I believe, are taken point for point, with the exception of feed and labor, as you have stated.

Q (By Comm. Bird.) Did you prepare the cost figures?

Q I did not.

Q Who did prepare those? Were they prepared by the Commission of the producers? A. I believe specialists from Massachusetts and Maine were down here assisting in the preparation of those.

Q Assisting the producers or the Commission? A. Now, if you can define where one leaves off and the other begins, I will answer the question.

Q These are your figures that you submit today? A. Yes, sir.

Q Not the Commission's? A. No.

Q That is what I mean. Were those figures for August prepared by the Producers or were they prepared by the Commission, through Dr. Gilbert? A. By the Commission through ---

Q There was a point when the producers said they would have to cease preparing the evidence, and that the Commission would have to prepare it themselves. A. Prepared by the Commission through Dr. Gilbert. I put in what time I had available in those months assisting in that preparation. I was there probably a few hours.

1. The first part of the document is a letter from the President of the United States to the Congress, dated January 3, 1862. It is a very important document, as it contains the President's views on the state of the Union and the progress of the war. The letter is written in a very formal and dignified style, and it is one of the most important documents of the Civil War era.

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Q There are just one or two more questions I would like to ask you. Taking the returns received on these 300 questionnaires, how many of these men out of the 300 actually fed grain themselves? A. I didn't tabulate the actual ones fed or those that didn't feed, but, as I recall, only two or three men out of the 300 were not feeding grain during that month. I have the questionnaires here and will file them with the Commission, if you wish. In regard to the information that I took off those questionnaires, I didn't attempt to tabulate all the questions on there. They had only a general bearing on the whole situation. If you want the specific information on number of cows and the amount of milk, it is there, and the amount of grain purchased during the month, and the amount of grain fed during the month. It is there.

Q There are things that are important, I think, in the minds of the Commission, because <sup>these</sup> questions have come up with the Commission before. First, how many farmers are actually feeding grain, how many of those farmers actually employ labor outside of their own, and statistics of that kind, which might be obtained from a report of this kind, so that we may know upon what we are really basing our conclusions? Another thing, can you tell me on these reports that you have turned in how many pounds of milk on the average these cows produce? A. The average amount of milk per month was reported. I can go through those questionnaires and prepare all this additional information, but we have not done so.

Q You have asked these questions, and then you have not given the Commission the benefit of the information that you have obtained from the questionnaires, which information would be important to the Commission. That is what I mean. We ought to have the whole of it, not a part of it. A. I see.





Comm. BIRD. If there is any misunderstanding in regard to this, Mr. Chairman, I think a statement should be made to the Producers so as to make it perfectly clear that when changes in the formula for figuring these costs are made by the Producers the matter shall be specifically called to the attention of the Commission. It may have been done, but I simply make this suggestion in order to clarify the thing.

Chairman ALLEN. Mr. Pattee, will you see that this is done?

Mr. PATTEE. I will not only see that it is done, but I understand, so far as we have made changes that has been done. I want it made perfectly clear to the Commission that there has been no intention of misleading the Commission.

Comm. BIRD. And I am not accusing you of that.

Mr. PATTEE. I know, and we do not intend to be accused. Our understanding of the whole matter is this, that when Mr. Boutell was here he was here in the interests of the Commission and that these changes in the base figures of the Chamber were made by him under the direction of the Commission for the purpose of making the base figure right. You did not leave it to us, but hired this man.

Comm. SAWYER. When was Mr. Boutell here?

Mr. PATTEE. In the month of June, if I remember correctly, the hearing for fixing the prices being in July, when those changes were made.

Comm. SAWYER. In August, I think.

Dr. GILBERT. He was here during last July.

Mr. PATTEE. Then, I may have gotten the wrong month.

Comm. SAWYER. What I wish to call your attention to, Mr.

Pattee, is this, that there have been changes made for depre-



ciation in the October returns over the figures for August, which, so far as I know -- and I have been at all the hearings, - have not been called to the attention of the Commission. For instance, depreciation for the state of Maine has been increased from \$13.50 to \$15.30; for the state of New Hampshire, from \$14.85 to \$19.20; for the state of Vermont, from \$13.65 to \$14.55; for Massachusetts, - well, that is the same, at \$15.75; and for Connecticut, from \$14.70 to \$17.25. Now, those are changes that were given to us in the October return.

Mr. PATTEE. Will the Commissioner compare those figures with the valuation of the cows?

Comm. SAWYER. Well, the valuation of the cows, unfortunately, has not been given. I have compared it, myself.

Mr. PATTEE. You have?

Comm. SAWYER. Yes, and I cannot account for the increase in depreciation.

Mr. PATTEE. I still reiterate that any change in figures of that character that has been made in our figures has been called to the attention of the Commission. At the time of the adjustment made by Mr. Boutell there was a change, as I understand it, in the percentage of depreciation. Now, the increase given might vary from month to month according to the valuation of animals.

Comm. SAWYER. That is true, but what I am contending is this. You say that these changes have been called to the attention of the Commission. I take issue with you right there, saying that they have not been called to the attention of the Commission, and they are increases in every case. I am simply saying, as Mr. Bird said a few minutes ago, that when such changes are made we want to have them called to our attention.

Mr. PATTEE. In other words, when the price of cows advances





it would make a difference in the amount but not necessarily in the percentage of depreciation.

Comm. SAWYER. In other words, a reason should be given for the increase. We have had no opportunity to look these over at previous hearings, if we do have now, and these questions should have been brought up at the time.

Mr. PATTEE. I think perhaps there may have been a misunderstanding, but I still stand on the fact that no change in the basic figures has been made by us arbitrarily in the Chamber of Commerce figures, except such as were made not by us but by the expert employed by you.

Chairman ALLEN. Mr. Pattee, how many members are there in your Association?

Mr. PATTEE. 14,000 -- the last time I knew, it was 14,000 and some hundreds.

Chairman ALLEN. Approximately how many are outside of New England, would you say? I mean, what is the total number of milk producers as such in New England?

Mr. PATTEE. Oh, that would be a hard thing to estimate. Do you mean for all markets?

Chairman ALLEN. Yes. Of course, your 14,000 do not ship to Boston?

Mr. PATTEE. Oh, no.

Chairman ALLEN. It is simply a matter of interest. Give your best estimate.

Mr. PATTEE. Commercial milk producers, probably 30,000.

Chairman ALLEN. Don't you think, for the purposes of the Commission, that 300 questionnaires represent a small number to work out any conclusion from?

Mr. PATTEE. It might or might not be, Mr. Chairman. We have called the attention of the Commission repeatedly to the

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difficulty in reaching people in the time within which they have had to be reached. You have called for sworn statements. You are somewhat familiar with the conditions of living out in the country. You know, you must know, how difficult it is, especially this year, to send out to farmers, men who are unaccustomed to this sort of thing, who are not familiar with processes of this nature, a cold-blooded questionnaire dealing with matters some of which they have never kept track of, and ask them to make it out, say, inside of a week, and go before a Justice of the Peace and swear to it and send it in. To my mind it has been a most remarkable thing that so many people have done it.

Chairman ALLEN. But you are trying all the time to get your producers to keep books?

Mr. PATTEE. Yes, sir.

Chairman ALLEN. Because that is what they ought to do?

Mr. PATTEE. Yes, sir.

Chairman ALLEN. And putting a burden upon them. I see the difficulty there.

Mr. PATTEE. I would call your attention to this, that a great many of the people to whom these questionnaires have been sent are not producers for the Boston market. They are producers of milk, for instance, for Manchester, Nashua, Lowell, Lawrence, Haverhill, Fall River, New Bedford, Worcester, Springfield, Portland, Lewiston, Auburn, Providence, and other cities, and they fail to send in the costs of their production to the Commission as far as Boston is concerned, when they don't send milk to Boston.

Chairman ALLEN. Then, we should get more lists from those who do send to Boston. It seems to us pretty clear that 300 is not a sufficient number to figure on.





Mr. PATTEE. But it seems to me you should bear this in mind, that the 300 you get are the most desirable and the best you could select. That is evident, because those are the 300 who have enough interest in their business to know what they are doing and to keep track, in some way, at least, of their cost accounts, and swear to them and send them to you for your information. I believe the reports made by those made in that way are more reliable and a safer guide to your action than a mass of figures that would not probably materially change the sums, but would come from men having less interest in the business. While I don't say that 300 are all that should be sent in, I do believe, and I think some of you familiar with country conditions will agree with me, that, considering that we sent out ourselves 1200, a good many of them to men who do not ship in here, a return from 300 is, under all the conditions, all that is to be fairly expected.

Chairman ALLEN. I think you should impress upon your producers that there is some burden on their part to justify what they are asking for.

Mr. PATTEE. Yes, sir.

Chairman ALLEN. And to a larger extent than they are now doing.

Mr. PATTEE. That effort has been constantly made. But you must make some allowances for the situation, Mr. Chairman.

Chairman ALLEN. I do. I live in the country, surrounded by my friends, some of them farmers who do not take any stock in books anyway.

Mr. PATTEE. Well, I would like to make this statement. I may err in making it, but I believe this is a thing that has had a tremendous influence on the number of questionnaires that have been returned. The tabulations that have been made from





the questionnaires that originated, at least, with this Commission, and have been since maintained, as showing the cost of making milk, have, as a result of sworn statements in every case, shown a very considerably higher cost of production than the Commission has been willing to award to the producers for their milk, and I have repeatedly myself in conversation with producers, asking them to send in such reports, met with this objection,- "What does it amount to? It doesn't fix the price of milk."

Chairman ALLEN. Perhaps if you got 30,000 of them it would have more weight with the Commission.

Mr. PATTEE. I don't know whether it would or not, but at the first hearing we had nearly 3000, over 2000, and that had less weight than the recent less price we presented. That is, the prices you have found recently, with less questionnaires, came nearer what they show than when you had over 2000 to go by.

Comm. SAWYER. I wish the Producers would file with the Commission the 300 questionnaires upon which they base the November estimates.

Mr. PATTEE. We would be very glad indeed to do that.

Chairman ALLEN. Do you want them tabulated?

Comm. SAWYER. No, take them as they are.

Mr. PATTEE. We will be glad to file the originals or any tabulation desired.

Comm. SAWYER. But I would first like to have Mr. Davis, or some one in your Association, answer questions that may be asked in regard to some of the details.

Mr. DAVIS. I shall be very glad to do so.

Mr. CLARK. Mr. Chairman, I would simply like to suggest that the 300 returns, Mr. Davis says, are practically the same.



Now, if there was a difference, or a large difference, in those that were returned, I think you would be justified in raising that point; but when you get 300 reports from all over New England and they are practically the same, why are they not just as good as 3000? You would only get the same thing with 3000.

Chairman ALLEN. Mr. Clark, how do you know that the 3000 would be alike, if we do not get them?

Mr. CLARK. Well, if you get 300 practically the same, why are you not justified in coming to the conclusion that the rest would be the same?

Chairman ALLEN. If you should follow the same line of argument, you might say that 10 would be sufficient.

Mr. CLARK. No, I would not consider that that would be so.

Chairman ALLEN. And that if the cost shown by those 10 all over New England was the same, we wouldn't need any more returns on questionnaires.

Mr. CLARK. Well, I wouldn't consider 10 representative, but I think 300 from all over New England, which are practically the same, would be representative.

Chairman ALLEN. I would say that we do not consider that 300 is a sufficient number, and I suppose you have respect for our judgment?

Mr. CLARK. Yes, sir; always have.

Chairman ALLEN. I do not say that we would want 30,000, but we do think 300 is a rather small number. You say you had already previously got 2000. Now, if all of your farmers are getting the feeling, "What is the use of doing this?" I think a little editorial in your paper might help.

Mr. PATTEE. Mr. Chairman, if you had been a subscriber to our paper you would have seen such editorials. Now, with entire





deference to the Commission, we are simply wondering whether this line of inquiry covers the question, and whether, in view of the position the Commission now seems to be taking, it is justified in taking the costs of distribution of two or three dealers?

Chairman ALLEN. You do recognize the difficulties on the other side, then?

Mr. PATTEE. I certainly realize the position you are in, yes.

Q (By Comm. O'Hare.) Mr. Davis, I would like to ask you a question. Is it customary to pay more for regular farm labor, steady farm labor, than for the day labor that you hire from time to time? A. This compilation here of the wage per month without board includes the average cost of those farmers reporting the value of their own labor, which in practically every instance has been \$100 per month or more.

Q Well, taking the state of Maine, for instance, we have in the first column labor with board, \$37.50, and labor without board \$99. A. That labor with board probably includes only that which they hire by the month, but does not include the operators or the owners of the farms own time. Now, the questionnaires this time asked for the man's valuation of his own time, what he considered it worth, without board.

Q You estimate that as less than the hired labor? A. Well, these are just what the questionnaires show. It is what they have placed on the thing, not what I estimate it.

Q I am trying to get that from you as a witness before the Commission. A. I think the operator's own time is worth much more than that of the average farm laborer which he will employ.

Q Then, I understand what in regard to the day labor? Is that the hired labor? For instance, is the owner of the farm in-



cluded in the estimate of \$37.50 per month with board and \$99 without board, or does he come in the \$2.50 and \$3 a day class?

A The \$2.50 and \$3 a day is for the miscellaneous day labor they hire occasionally, as reported on the questionnaire. That is the tabulated average of those reporting on the hired labor. The other figures are the average, as reported, for labor employed all the time. The \$99 is the man's own time, without board. The figures run along with surprising uniformity, you will notice,- \$99, \$99, \$92, \$93 and \$99.

Q What do you find on the price of feed? In some cases it is lower than for the last month, isn't it? A. In practically every instance it is lower. They averaged about \$65 the last time, and this time the figures run along at \$62, \$60, \$61, \$62 and \$60.

Q I think you show some increases in the cost of labor from last month? A. And there are some decreases.

Q Where? A. I think New Hampshire has decreased.

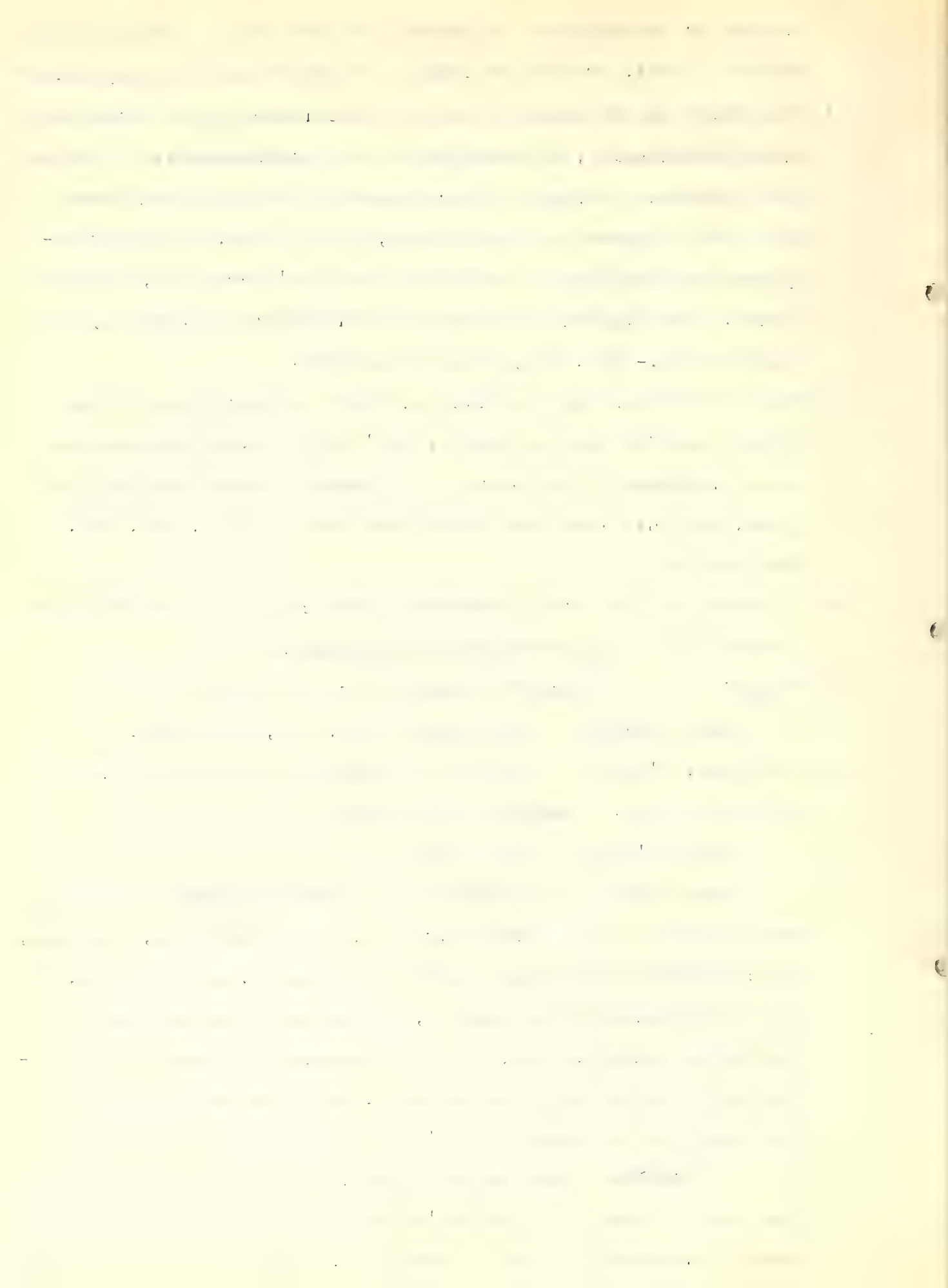
Comm. SAWYER. New Hampshire has, yes, two cents.

Q (By Comm. O'Hare.) What is the greatest difference? A. Not over two cents. Any more questions?

Comm. O'HARE. That is all.

Comm. BIRD. In the Chamber of Commerce survey the farmer was figured at the average day wage, the hourly rate, and then, to compensate him for his additional ability, and so forth, over the ordinary farm laborer, he was given ten per cent on the entire amount. Now, you have advanced the wage to the owner, and he still gets ten per cent, and gets ten per cent on that advance to himself. Isn't that correct?

Mr. DAVIS. That is the report. It is a question whether you want to take the operator's own time and determine it from that or whether you want to take the average wage and determine





it from that.

Q When you say "the operator's own time", you mean his own valuation of his own time? A. Yes.

Q I wish somebody would pay me for my own valuation of my own time. The Commissioners would probably like to be paid their own valuation of their own time, also. Has there been any check placed upon that, or have you just accepted the man's valuation of his own time? A. Well, we have accepted it as his sworn statement; that is all.

Mr. PATTEE. For whatever it shows.

Q (By Comm. Bird.) On the average how did that run on the 300, the average valuation of the man's own time? A. \$75 to \$160, as they reported.

Q On the average, how much was that over the price that the farmer could hire help for on the same basis, with board or without board, whichever you have included. A. Board was reported on the average -- I did not tabulate it, and very few reported it, but what few did, - at a dollar a day, and if you add \$30 a month to the price without board you would get what the average laborer's wage would be, provided you figure it without board, which is the only reasonable way to get at it.

Q Your figure for labor with board is \$37.50? A. In Maine; \$49 in New Hampshire, \$46 in Vermont, \$45 in Massachusetts and \$49 in Connecticut.

Q The average of that would be what? Have you averaged it?

A No, sir. I imagine it would be around \$45 or \$46, and adding the \$30 I refer to would make it about \$75 per month.

Q Now, your owner here is figured without board, and he gets his board out of the farm? A. The question was asked in this way: "What do you consider a fair value for your own time per month without board?" And the top one here, from Vermont, says,





"\$95."

Q Presumably that man from Vermont, of whom you are speaking there, puts his time down at \$95 and gets a large part of his living expenses out of the farm, besides; so that indirectly he gets a good deal of his board from the farm. A. Why, the raw materials, of course, that the farm produces, furnish him with his board.

Q Well, that is quite a material part of his board, so that indirectly he is getting his board as well as \$95, or at least a large portion of his board as well as \$95, so that that man is receiving the equivalent, we will say, of something like \$115, on top of which he is receiving ten per cent for his managerial ability. Isn't that correct? A. Yes, that is true on this basis of figuring. We took advice at the time Professor Boutell was here, and some of the other State representatives were down, and we said, "What is the fairest basis for determining the wage -- per month with board or per month without board?" They said, "Use it per month without board and convert it back to hours." Now, their recommendation was that a 26-day month and 10-hour day be used. On the figures presented this time they figure on a 30-day month and a 10-hour day.

Q (By Comm. O'Hare.) Will you explain how you found the difference between the costs of the board of the farm owner and the employee? A. Well, it is not determined there. The farm owner places a higher value on his time than he does on the time of his hired man.

Q The figure here is \$99 without board, and for the employee \$3 a day without board, and \$2.50 with board. That is allowing \$15 a month for the employee's board and for the board of the farm owner \$61.50, isn't it? A. Well, the average of those per month with board is \$45.



- Q What I want to make plain is, how you get at the difference in cost of board for the farmer himself and the employee. A. You can't get it from the tabulation here.
- Q The farmer himself has his board figured at \$61.50, and that for the hired man at \$15? A. Well, you can't get it accurately from this tabulation, because you are comparing two classes of help -- the operator's time and the laborer's time. The questionnaires, running them through, run around a dollar a day or \$30 a month for board, and that plus \$45 would give you \$75, which would be for the laborer's time, the average hired laborer's time, \$75 a month without board.
- Q (By Comm. Bird.) With board? A. Without. You have added your board to it.
- Q (By Comm. O'Hare.) I don't get that quite clear in my mind. It seems to me there is 300 per cent difference here.
- A He pays the man in cash \$45 on the average, his hired laborer. Many of them have reported over that and some under. You cannot compare that, in order to get your board, with what the operator has placed as the value on his own time here, can you, to determine your value of board? That is, you cannot subtract \$45 from \$92, say, and get the value of board, because you are comparing operator's time and laborer's time. But the questionnaires show, by running through them, that those who have reported the value of board place it at about a dollar a day, which, added to the amount paid to a laborer without board for a month, say \$45, gives you a full expense for the laborer of \$75 a month.
- Q Well, you admit this, don't you, that in the case of the farm owner the board runs over \$2 a day? A. You are referring to the \$92?
- Q \$99, taking the figures for Maine and allowing \$61.50 a month





for board? A. That man who is reported at \$99 is not getting any more for his board. At \$30 a month, he is getting \$69 a month for his time, as I interpret the figures. You simply deduct the board from this man's time. He simply answers this question: "What do you consider a fair value for your time without board?" Now, that means that he has included the board in this price. If you deduct \$30 from \$99, you get \$69, what he figures that his time is worth apart from board.

Q (By Comm. Bird.) If you ask a man specifically for the value on his time without board, I don't see why you should turn around and draw the conclusion that he has given his answer with board. A. Well, I do not interpret it in any other way than that the man has put a value on his time and has included his board in that valuation.

Chairman ALLEN. I think Mr. Davis is right on that. If you ask a man what he wants for his time, paying his own board, the result would be the same as if you asked him for the value of his time without board, and you would simply have to make the deduction for what the board would be. In the first case, he would put in a figure for his time only.

Q (By Comm. Bird.) Just a moment, Mr. Chairman. I asked Mr. Davis a question before that. The question was whether the man who was charging himself at \$99 was not getting a considerable portion of his board from the farm? A. Yes, but he has placed a cash value on it and he has estimated the value of his time.

Q Well, he is charging \$99 to his costs, for his time, and he is getting in addition to the \$99 a considerable portion of his living expense from that farm, although he is charging himself at \$99 without board. I don't see why that might not amount, say, to \$20, giving the man the equivalent approximately of



\$120 a month? A. That is, adding the 10 per cent?

Q No, simply taking the amount of living expense that he is getting out of the farm himself in addition to the \$99 at which he has charged himself. A. Is he or is he not entitled to put a cash value on that which the farm furnishes him?

Q He is entitled to do so, but have you charged him in your report with what he himself takes out of the farm? A. No.

Q Well, if you have not, and the farm produces it, he has got the value of it and his \$99 besides. If that is true, that owner is getting the equivalent of about \$120 on this \$99 basis, or what you might call \$100 a month, which is \$45 over and above the price of his hired laborer, which is \$540 a year, and that is not taking into consideration the 10 per cent which he is receiving in the costs for his managerial ability, besides.

He is being paid a higher wage on account of his managerial ability, and then he is receiving 10 per cent besides. Isn't that correct? A. That is true.

Q Now, do you think that is right? A. I think that 10 per cent, perhaps, should be cut out of that.

Q What I am getting at is this, that there has been a change made in the original base or schedule upon which the costs were computed at first. It was felt that it was not fair that the man who owned the farm should only receive a day's wage, and therefore 10 per cent was included. Now, there has slipped into the proposition -- whether right or wrong I am not arguing, simply calling to the attention of the Commission the fact that it is there, -- an additional wage of \$45 a month, the equivalent of that, above the day's wage to the laborer, and in addition to the 10 per cent that was figured into the cost. I am not arguing whether it is right or not, but I want to know whether that is a proper statement, and, if so, the Commission ought





to know it.

Q (By Comm. O'Hare.) Will you tell us what the increase allowed by the farmer for his labor here is, over August? A. I don't know that I have my August figures here. (Examining figures.) In New Hampshire in August the price per hour was figured at 33 cents, and in November at 33 cents. In Massachusetts in November it is 31 cents, and in August it was 33 cents.

Q Have you got it by days, Mr. Davis, the same as it is on this sheet? A. I don't know that I have. (Examining figures.) By the day, without board, in Maine in August it was \$3.16, and in November \$3; in New Hampshire for the same months, \$3.34 and \$3.25; in Massachusetts, \$5.40 and \$3.25; in Vermont, \$3.25 in August and \$3 in November; and in Connecticut, in August \$3.21 and in November \$3.

Q What percentage do you figure that, as an increase? A. A decrease for November over August, - a decrease.

Q Can you give us your figures for August on the employees?

A No. That was not available; that question was not asked. This is the first time that any question in the questionnaire was asked to determine the operator's own time, and it is the first time that it has entered into these figures, at all.

Q Can you give me any figures to show whether these figures set forth an increase for the employees over August? A. These do not show. If we use the operator's report of his own time it will show an increase. I don't know what the percentage is.

Q To the employees. A. The employees. Well, they run practically the same, - in Maine, \$44 in August, November \$37.50; New Hampshire, \$44 in August, \$49 in November; In Vermont, \$42 in August, in November \$46; in Massachusetts, \$5.92 in August, \$45 in November.

Q | Runs along about the same average, - about the same?





A Those run right along about the same.

Q Can you tell us, Mr. Davis, when there has been any increase allowed to farm labor? A. The price per hour has been determined, not with board but without board, at \$72.87, \$75.86, \$71.66, and so forth.

Q Averaging about the same as this? A. Those average about the same. As I say, the operator's time came into the questionnaire this time.

Q Can you tell us whether there has been any increase in wages to farm labor since the Commission has been in existence, or during the last year? A. Oh, I think there have been increases.

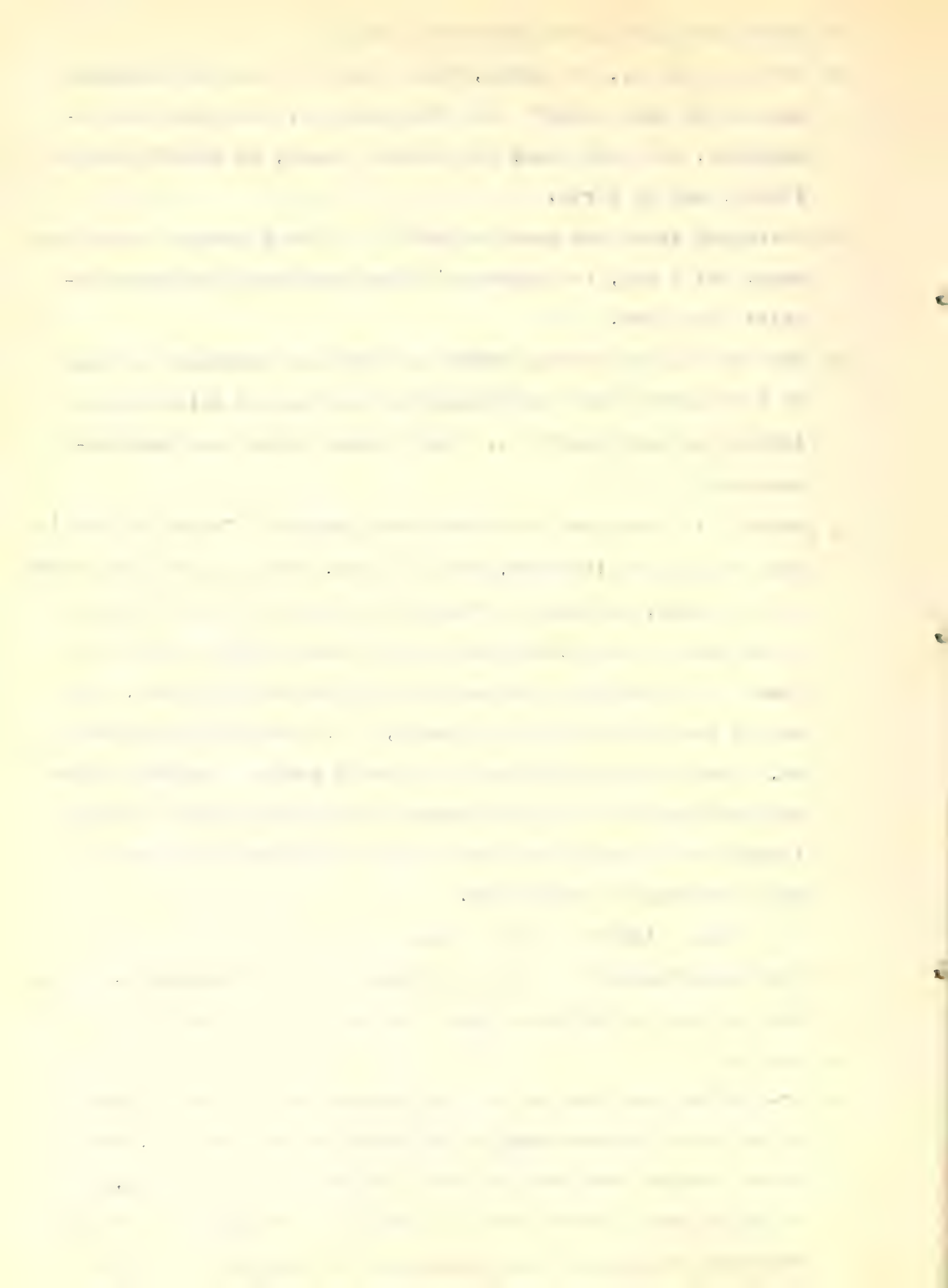
Q When? A. They may have been very gradual. Those who didn't wish to pay the increase, many of them, have cut down the size of the herds, and many of them are doing their own work. I think more of that condition exists today than at any other time. It is shown by the milk supply in the city, now, that we are shorter during this season, as it has been reported to me, than at any other time for several years. The only other explanation of it is that farmers have been obliged to do a large part of their own work and have cut down the size of their dairies to that point.

Comm. O'HARE. That is all.

Q (By Comm. Sawyer.) You do not take any responsibility, then, for the reports of the costs of production for August?

A No, sir.

Q Mr. Pattee puts that up to the Commission. A. I spent a few hours in assisting in preparing those in August, and those changes were made at that time and were presented, and it is my recollection that changes would be discussed at the executive meeting of the Commission and were not gone over



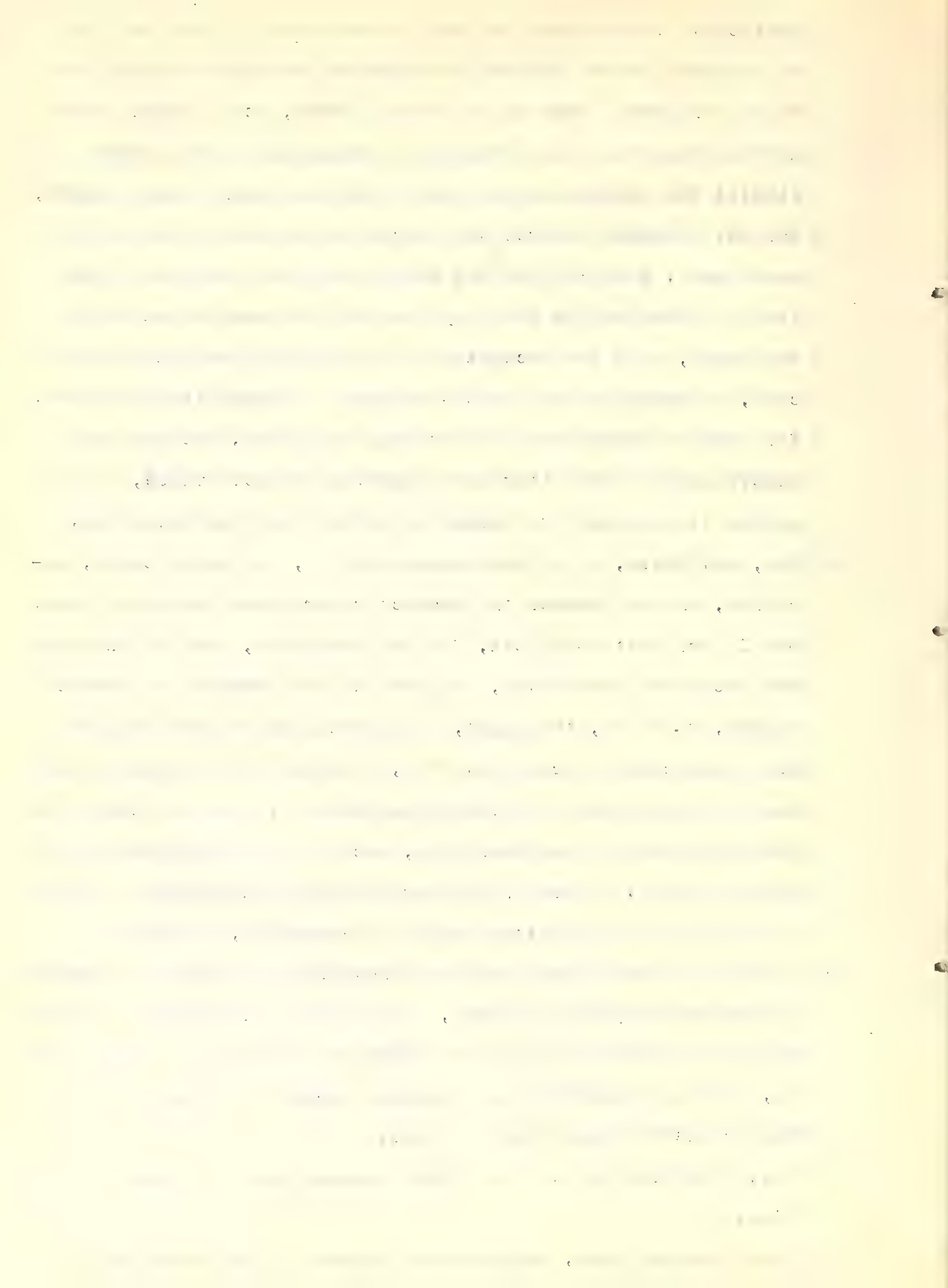
publicly. I know that the exhibit was merely filed and that no explanation was made of it either by Professor Boutell or by Dr. Gilbert. That is as far as I know, and I assume that at that time they went over those changes, or that if they studied the exhibit at all they would have seen those changes, and any previous figures that might go in would go in on the same basis; that you had the exhibit at that time and could look it over; and we have reported on the same system since that date, with the exception of a change in the valuation of cows, as shown by the questionnaires. We asked that question, for them to report what the average value was, because many reports showed that they were figuring in their value, and to get at it we asked the farmer to report what the value was.

Q Now, Mr. Davis, as we have understood it, the other costs, so-called, in the Chamber of Commerce report were as a rule used. Now I find that in August, for New Hampshire, use of buildings was increased from \$5.65, as given in the Chamber of Commerce report, to \$9.73, in August, as reported by the New England Milk Producers Association. Now, I wonder what authority there was for making any such change as that. It was not called to the attention of the Commission, except as it was given to us in the report. There is nothing in the questionnaires to show that the use of buildings should be increased, is there?

A I think at that time there was filed with the Chamber a revision of the New Hampshire figures, and you will also find a revision of the Massachusetts figures coming in at about that time. That is, you will find that the quantity figures for feed in the Massachusetts report have changed.

Q Yes, I noticed that. A. Those changes were all made at that time.

Q They were all made, but were not called to the attention of





the Commission. A. I don't know whose responsibility it was to get them called to the attention of the Commission. If when the report was presented it was discussed, it would have been brought out, as far as I can see.

Q (By Comm. O'Hare.) Mr. Davis, can you tell me whether there has been any general increase allowed to farm labor since war has been declared? A. Oh, yes.

Q What is it? A. Why, farm labor was ordinarily hired at \$30 to \$35 a month. That is my general recollection.

Q That is with board? A. Yes, sir.

Q An increase of \$2.50 a month? A. That is my general impression of what it was costing before the war, and prices have varied a great deal since then.

Q Can you give us the price of milk that the farmer got f.o.b. Boston at the time war was declared? A. I cannot give it to you offhand. I can look it up.

Comm. O'HARE. Perhaps Mr. Pattee could give it to us.

Mr. PATTEE. That was a year ago last April?

Comm. O'HARE. Probably Mr. Whiting or Mr. Hood would be able to give it to us.

Mr. PATTEE. I think the Commission, if it undertakes to pursue that inquiry, could pursue it more intelligently with some knowledge of conditions that obtained at that time.

Comm. O'HARE. That is just the point I am trying to get at, Mr. Pattee.

Mr. PATTEE. Yes. I am afraid I cannot make it plain without making some kind of a statement. If you wish me to<sup>do</sup>/so, I will state that previous to a year ago in August, which was some time subsequent to the declaration of war, there was no general system for the purchase of milk whereby it could be determined what it cost delivered in Boston. Different prices were paid in different sections, depending on conditions in



those sections. Where you have perhaps now a twelfth zone, in which the price is uniform, at the time of declaration of war---

Comm. O'HARE. My question was, f.o.b. Boston, Mr. Pattee.

Mr. PATTEE. Yes. Well, in order to know what he gets for it f.o.b. Boston you would have to know what he got for it back there. The price was made so much back there, and the price for it depended, you know, like Dooley's Breakfast Food, on who you were. That is one of the things that we have tried to reduce to uniformity. At that time, at the time of declaration of war, producers living in the same zone, where the cost of transportation, the cost of bringing it in, was the same, got varying prices. Unless you know about the varying prices, I don't see how you can tell what the farmers averaged to get in any zone or throughout New England.

Comm. O'HARE. Can you give us any information as to whether there has been any increase paid to farm help since a year ago last April?

Mr. PATTEE. The record shows repeated increases in cost of farm labor.

Comm. O'HARE. Mr. Davis' figure is about \$2.50 increase.

Mr. PATTEE. Well, Mr. Davis' statement, as I understand it, is of the prices given now, made up from these questionnaires, and he is giving you an estimate of what in his judgment was the average price some time ago. But, as long as this line of questioning has developed, I would like to ask the Commission to hear Professor Southwick of the Massachusetts College of Agriculture at Amherst, who can qualify as an expert on farm accounting, relative to the legitimacy of those figures and the system under which they are obtained, and he may be able to furnish you with information you have not received relative to costs from other sources.





Professor SOUTHWICK. I am willing to answer any questions, Mr. Pattee. I don't know that I am prepared to give testimony that may be desired at this time.

Mr. PATTEE. Professor Southwick is qualified by reason of his education and his position with the Massachusetts Agricultural College, and I would suggest that questions be asked him along the same line that you have been pursuing with Mr. Davis.

Professor B. G. SOUTHWICK -- sworn.

Q (By Comm. Bird.) Your full name, Professor? A. B. G. Southwick.

Q (By Comm. O'Hare.) Can you tell us, Professor, what the prevailing rate of wages was that was paid to farm help in April, 1917? A. In April, 1917, I was in Connecticut, and, according to the best of my recollection, wages varied with the kind of man a person hired. He might hire a boy or a young fellow for less than would be given to a full grown man. There would be fluctuations showing a considerable variation, but I should estimate that somewhere in the vicinity of \$30 a month was paid for a good farm hand at that time. That would be the best estimate I could make.

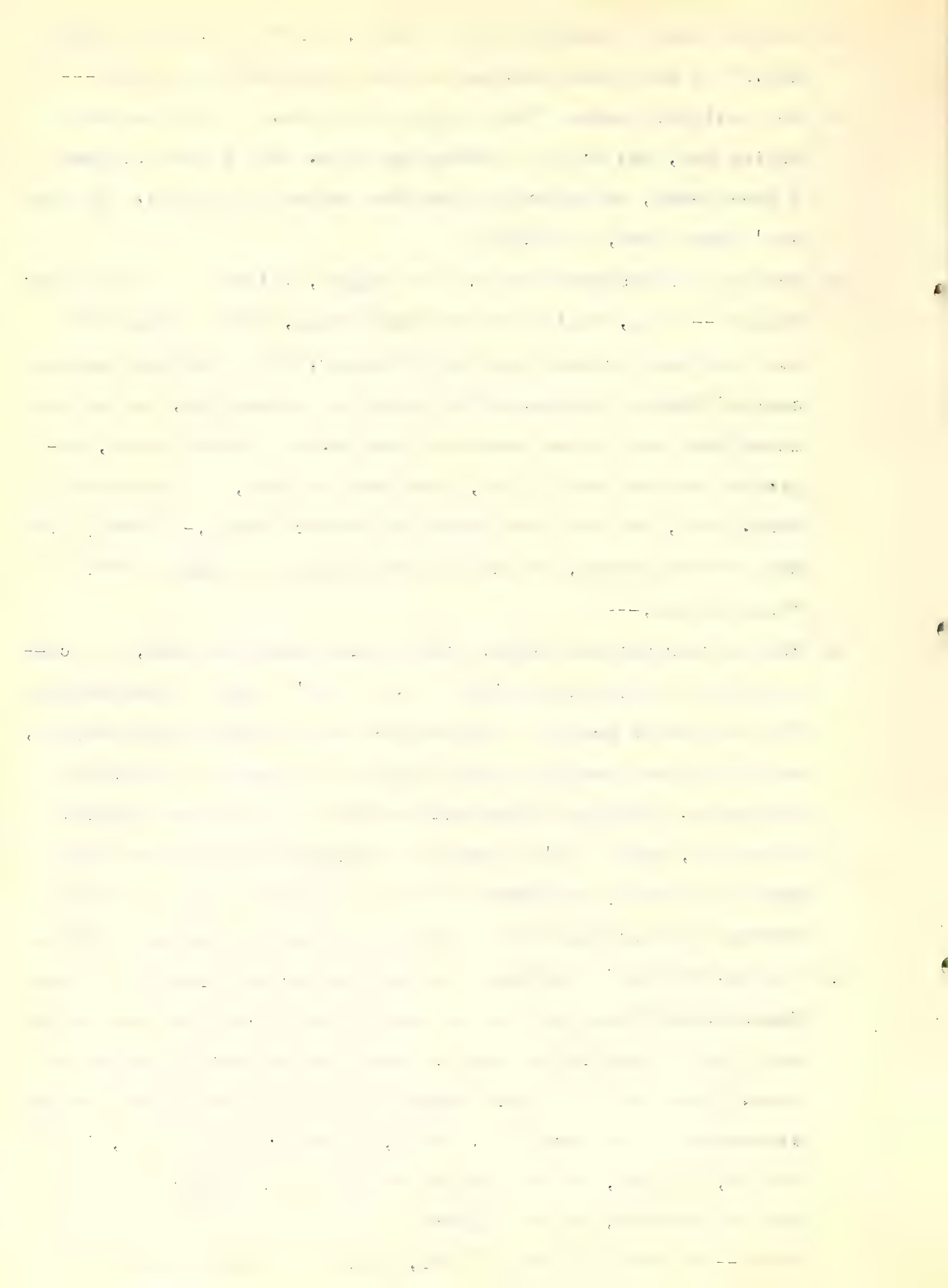
Q My question, Professor, was, the prevailing rate of wages for farm labor. A. Well, that is as good an answer as I can give you.

Q You wouldn't consider that a competent answer to the question as to the prevailing rate of wages in that community for farm labor? I said "farm labor". I thought my question might be construed as meaning competent farm labor. A. Well, competent farm labor \$30 a month, with board. That would vary, and you would find men paying only \$20 a month, and others \$35.





- Q Can you tell us what it was in April, 1918? A. This past April? I have heard men saying that they had got to pay ---
- Q Not what you heard. Tell us what you know. A. I am not hiring men, and am not running any farm. All I know is what I have heard, in regard to what the price of labor is. If you don't want that, all right.
- Q Can you tell us what was paid in August, 1918? A. This past August -- well, that is on the same basis, what I heard men say they were actually paying for labor; that they were paying some of them as high as \$70 a month and others \$60, and on day labor they had to pay anywhere from \$3.50 to \$4.50 a day, depending on the kind of man, when they got him, and the kind of work. Now, in this past summer in Massachusetts,-- these prices are for this state, so far as I overheard men talking about these things,---
- Q But of your own knowledge, stating what has been paid, you cannot give us any information? A. I don't think it is possible for any man to say what the average wage of hired farm help is, any more than what the average wage of the man in the city of Boston is. One is as variable as the other and as difficult to get at, and I don't think any gentleman in the room would want to stand up and swear and give testimony as to what the average wage in the city of Boston is today or was last April.
- Q (By Mr. Pattee.) You heard the line of inquiry pursued by Mr. Commissioner Bird relative to the farmer getting his own living and then getting 10 per cent in addition to what he called his time. What would be your judgment with relation to that matter developed by Mr. Bird? A. Well, to be frank about it, I failed, I think, to some extent to get the relevancy of all that discussion, but it appears to me that the prices put in here -- 31 and 33 cents an hour, which are substantially the



same in August,- are without question reasonable charges per hour for dairy production, and whether the figures on these questionnaires are absolutely accurate or not nobody knows. Anyone who wishes to take the trouble can go over these 300 returns from questionnaires. I have not looked over them and have had nothing to do with them. But I did assist, at Dr. Gilbert's request, in going over those questionnaires for July and August, and it was very evident indeed that it was impossible to make any question on the questionnaire what you might call "fool-proof", so that everybody would answer it exactly as the man who wrote the question down would want it answered. In other words, it was very evident from some of the questionnaires that they had put in boy labor and put in their own labor sometimes, although that was very exceptional, and there was a very wide variation in the range of statement there, which just indicated that it is pretty difficult to get -- we had at that time around 2000 questionnaires, if I remember right, that we went over,- to get 2000 men to answer the same question in the same way; that is, to get them to understand the question in the same way, and that is pretty well evidenced, I think, by the military questionnaires and the difficulty people had in filling those out. So, with the fluctuations you get in prices from state to state, you have to look over the questionnaires, I believe, and test the accuracy in each case, before you can judge really whether the average is reasonably correct.

Q (By Comm. O'Hare.) I understand, Professor, that you had something to do with that, in connection with this statement?

A No, sir, not for this October matter. I had something to do with the statement for the questionnaire for July and August, which was sent out by Mr. Boutell.

Q Was there any great fluctuation in the wages paid to farm labor





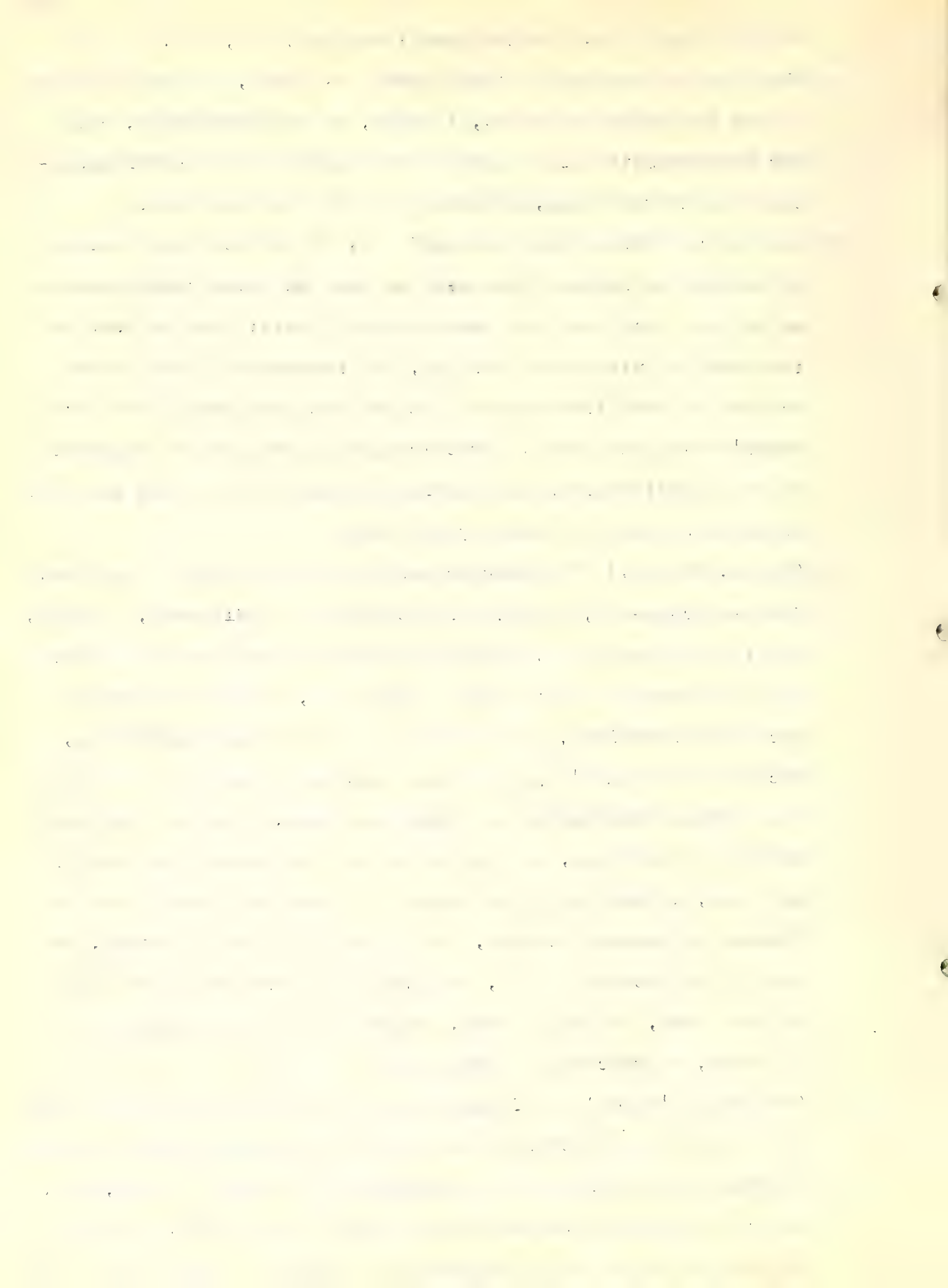
at that time? A. On the questionnaires; yes, sir.

Q What was the average at that time? A. Well, the only figures I have are those presented, I think, to the Commission, and for Massachusetts all I have is the figure per hour for Massachusetts at that time, 33 cents per hour for man labor.

Q How did you strike that average? A. We struck that average by taking the replies that men had made on these questionnaires as to what they paid per month without board; took 26 days to the month at nine hours per day, and remembering that those reports at that time did not include the question of what the owner's time was worth. Practically all the men who reported on the questionnaires were giving figures of what they paid for hired labor without board by the month.

Q (By Mr. Pattee.) The average was 33 cents an hour? A. Yes, for Massachusetts, and here in October it is 31 cents, I think, and I might say that I believe personally that you could find that difference at any time. A year ago, if you had sent out such questionnaires, you would have got the same difference, because you wouldn't get the same people to report. Last year some people were haying in August and July, were busy and were anxious to get help, and you would get that variation easily in any year, of two cents per hour. I notice in looking over the Chamber of Commerce survey, the figures for Massachusetts, the figure for December, 1917, supposed to be brought up to date at that time, was 28.9 cents, against this October figure of 31 cents, approaching 3 cents higher.

Q (By Comm. O'Hare.) Do I understand from the statement you have just made that you charge the labor that was employed on haying or other farm work up to the production of milk? A. No, sir, but in the questionnaire the question is asked right here as to the number of hands employed per month with board and without



70  
board. This is for July and August. It doesn't say whether they were employed on haying or cleaning house. That is the question that was asked, and that is all we had to tabulate.

Q And it is charged to cost of milk? A. We took the hour rate from that statement, furnished at the time, and tabulated.

Q And charged into the cost of producing milk? A. We inserted it in the figures, for purpose of comparison, being made primarily on the Chamber of Commerce survey.

Q (By Mr. Pattee.) That is, you charged the cost of labor in connection with milk at the rate that labor earned during the whole day? A. Yes, sir. That is what it amounts to.

Q Charged at that same rate the number of hours spent on making milk. A. That was the effort made, there. In order to get at what it costs a man while he spends his time producing milk you have to take what his labor has cost him for the entire year, month or day, what ever unit you are using it, and get the rate per hour from that, and, no matter what system a man may take for determining that -- hour, day, month or year,-- you cannot have it absolutely letter perfect.

Q (By Comm. O'Hare.) How much did you charge for production of milk on that particular questionnaire you have there now, Professor? A. That is, for July and August?

Q Yes. A. How much in Massachusetts?

Q Well, you have the questionnaire there. A. This one I have here is the questionnaire sent out for July and August.

Q Well, in the case of the particular farmer whose statement you have before you, how much? A. This that I have before me is just a blank one, a copy I had in my file.

Mr. PATTEE. I would call to the attention of Commissioner Bird, as long as he developed this line of inquiry, <sup>to</sup> the fact that the rate per hour to which his line of reasoning would





object to adding 10 per cent for managerial ability was, in these figures submitted at this hearing, 33 cents an hour from Maine, 33 cents for Vermont, 31 cents for Massachusetts, 33 cents again for New Hampshire and for Connecticut, and, if I followed the questions correctly, the line of reasoning would develop an objection to adding 10 per cent to that for the value of the man's labor in making milk.

Comm. BIRD. In the first place, you misunderstood me.

Mr. PATTEE. These figures are the figures reported for the Commission.

Comm. BIRD. You misunderstood the deductions I drew; and, in the second place, I did not object, did not develop a line of reasoning against it, because I did not discuss the equity of it, one way or the other. I simply wanted to know if that is what had been done. If it had been, the reasoning I deduced from it was that the rate of wages to the owner was not set on the same basis as was originally started in the Chamber of Commerce survey, which was the day's wage that the farmer would pay for labor plus 10 per cent for managerial ability, but that he had been paid an additional wage, on his own statement, and, in addition to that, had received a managerial return.

Mr. PATTEE. I beg to submit that these are the wages on which these cost figures are based, 33 cents an hour in practically in all the states here, and I leave it to the good judgment of the Commission whether a man is entitled to a higher percentage than that? In any event, those are the figures.

Comm. BIRD. That is not the point. You have missed the point. From the statement submitted here by Mr. Davis, which has been filed, it appears that the average wage paid to farm labor, we will say, is \$45, plus \$30, making an average wage





of \$75, whereas the manager of the farm receives \$99, in addition to which he receives a certain amount of living from his farm, say \$20, giving him a return of \$120, as against \$75, the prevailing wage, and in addition to that he receives 10 per cent for managerial ability. My point was that according to the original survey made, that amount would have been charged in at \$75, if that was the prevailing rate for labor, and that he would have received 10 per cent beyond that for managerial ability.

Mr. PATTEE. I confess that I cannot quite follow the Commissioner. It is probably my fault. But the questionnaires will be filed themselves, and the Commission can pass on the validity of the evidence itself.

Comm. BIRD. I am not disputing the thing, questioning whether it is right or wrong, but am simply trying to bring out the facts in connection with the figures that Mr. Davis has reached, that a change has been made in the basis on which the 10 per cent was originally accorded to the farmer for managerial ability.

Mr. PATTEE. Whether or not it has been made, I simply call attention to the fact that it results in an increase in the amount entering into the price of labor.

Comm. BIRD. You mean the average wage, including himself?

Mr. PATTEE. Including himself. I would now ask the Commission to hear Mr. Lull, agent for some years in connection with typical dairy farm work in Massachusetts, who knows what farmers pay for help and can answer some of the questions asked by Mr. Commissioner O'Hare.



Q (By Mr. Pattee.) What is your full name and address?

A Robert D. Lull, 393 Main Street, Room 412, Sawyer Building, Worcester.

Q Where did you formerly live? A. In Hardwick, Mass.

Q Until when? A. The first of November.

Q How long did you live in Hardwick? A. Since March, 1914.

Q What was your business in Hardwick? A. My work in Hardwick was somewhat in the line of county agent work, only a little more in detail. It was in connection with the administration of the Page Fund in Hardwick, for the benefit of horticulture and agriculture, and my work was along educational and business lines in connection with the farmers of Hardwick.

Q Are you a graduate of any college, and if so, what? A. The Massachusetts Agricultural College.

Q Can you answer the questions asked by Commissioner O'Hare and some others, as to prices made for farm labor? A. I can only answer so far as my community is concerned.

Q Go ahead and answer them. A. If I recall the questions -- perhaps Mr. O'Hare had better put the questions.

Q (By Comm. O'Hare.) Just whom do you represent here? A. The New England Milk Producers Association.

Q An officer of the Association? A. Yes, sir.

Q Can you give us the price paid, the average price paid for farm labor April 1st, 1917? A. April 1st, 1917, the price paid for what we call a good quality farm laborer on farms in Hardwick was practically \$35 a month with board, and occasionally a little more, - between \$30 and \$40.

Q Can you give me the price on April 1st, 1918? A. On April 1st, 1918, men who were making contracts with their help for

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24. *Human evolution and the environment*



another season were paying from \$40 to \$50, practically. You would find quite a discrepancy in that, even as far as the town of Hardwick goes. I have been looking over the questionnaires, and one reports paying \$50 a month with board, and another \$30 a month with board. That is hardly a fair average at all of the town of Hardwick. I know these two men making returns on the questionnaires and happen to know the two men reported on. One was an American fellow, I should say. He wasn't a Polish fellow. We have Polish help in Hardwick. One was an American fellow, a bright, active young man, getting \$50 a month, and the \$30 fellow was a Polish fellow, <sup>drunk</sup> about a third of the time. So you see you don't really get the average result there in the questionnaires from that town. I had occasion to have fellows swear before me in regard to what they were getting, as I help make out questionnaires for a great many of the farm help of the town, as a member of the local advisory board, and the amount ran around \$45 to \$50. I know that one farmer was paying a Polish man as high as \$65.

Q How does that compare with the present wage? A. Why, you asked me in regard to April 1st, 1918. These wages are wages the men have been getting right through the season. I think they are running just about the same now. I don't think those men have changed.

Q How long has it been since there has been any increase?

A Well, in that town most of those fellows make contracts with their men beginning along in the spring, as a rule, and the increase came, as far as that town was concerned, about last March, April, along there, when they were making the contracts for the season.

Q Tell me what the increase was. A. Well, your first question was, what the price of labor was for April, 1917, wasn't it?



That was the first question you asked?

Q Yes. A . And I stated, between \$30 and \$40, \$35 and \$40; April 1st, 1918, \$45 to \$50 for a good man.

Q And no increase since then? A. I don't think so, so far as that community is concerned.

Q Can you give us the price for milk paid by the dealer to the farmer last April? A. I don't know as I could recall the figures.

Q Can you give us the figures on the increase to the farmer since last April? A. No, I couldn't. I haven't those figures in mind.

Q As I understand it, you are appearing here, giving expert testimony? A. I am simply giving testimony so far as our community is concerned.

Q Would you say from your knowledge that the farmer is justified in putting the increased price for labor on the price of milk?

A I have answered your question simply so far as monthly labor goes. Now, there would be another question come in there, in regard to the price of day labor.

Q You have followed <sup>the</sup> milk business pretty closely? A. More or less.

Q I judge from your opening statement that you were pretty close to the farmer and had followed the market figures? A. Pretty close to him. I haven't had much work on the milk business since last January.

Q How is it you are so familiar with labor conditions? A. I have been in the community and have heard farmers talk in regard to what they paid to the men.

Q Isn't it a fact that the farmers talk as much about the price of milk as they do about the price of labor? A. Yes, but there are so many fractions of cents that come into the price

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of milk that I wouldn't want to make a statement as to the fractions for April. The prices change so much that I couldn't tell, offhand.

Q You mean to say that you are associated with a group of farmers and that they do not discuss the prices of milk together?

A Oh, yes, they discuss the prices, Mr. O'Hare. I am not trying to hedge. But I don't recall just the fractions.

Q You took the stand, as I understood, as a gentleman familiar with the milk business, and I am just trying to find out, if I can, how familiar you are with these technical questions.

A I don't know as I just get what you want, now.

Q I want to find out your opinion as to whether, with no increased cost of labor, dealers are justified in asking for an increased price of milk on account of increased price of labor between last April and the present time? A. Mr. O'Hare, there are several things entering into it. I have simply spoken of the farm help contracted for from year to year. The day help I haven't spoken of, at all, but the day help is quite an item on a great many farms. That is, there are seasons when they have to hire a great many extra men. The price for day labor has in a great measure tended to go up, the price for labor to bring in and harvest their crops at this season.

Q And you think the farmer is justified in charging for the help required in harvesting the crops, charging it up to the cost of milk? A. Only in so far as it affects the high cost of that crop. If your silage costs you more in 1918 than it did in 1917, that is an increased cost in milk production.

Q Can you give us any idea what that would amount to? A. I couldn't per ton of silage.

Q Per ton of hay? A. No, sir.

Comm. O'HARE. That is all.





Q (By Mr. Pattee.) Mr. Lull, in Hardwick is or is not more or less day labor employed in the production of milk? A. Why, there is a great deal of day labor employed. Most of the farmers have regular hands, but there is a great deal of day labor employed when they are harvesting, in addition to the regular men. This additional cost for day labor affects the cost of milk production, because it affects the cost of farm materials and everything.

Q (By Comm. Murdock.) The cost of what is fed to the herds? A. Yes, sir.

Q (By Comm. Brigham.) Is there plenty of farm help at \$40 to \$50 a month? A. Not good farm help.

Q The farmers are short of help at that price? A. Yes, sir. Many farmers gave up trying to hire help, because the quality of the help was such that they didn't know from month to month whether they would have a man or not.

Q How do the day wages compare this year with the day wages of a year ago? A. I think the day wages a year ago were from \$3 to \$3.50, about \$3, whereas this year the amount has been 50 cents an hour for an 8-hour day.

Q (By Comm. O'Hare.) A year ago last April how many farmers were employing farm help? A. In Hardwick?

Q Yes. A. Why, I haven't the figures in mind, but probably 75 to 80 per cent of the farmers.

Q How many employ farm help now? A. Why, when you get down to guessing on percentages it would be rather hard to say. I think you would find several men who did employ a year ago who do not employ now.

Q Fifty per cent? A. Possibly. You mean fifty per cent decrease, or fifty per cent of the total?

Q Fifty per cent of the total? A. I shouldn't think that,



quite.

Q Forty? A. Why, possibly that. That is simply an estimate.

Q (Mr. Pattee.) You were asked by Mr. O'Hare whether you thought the increased cost of labor since April would justify an increased price of milk. In that connection, would you say that if milk was selling at a loss in April your farmers would be satisfied to continue to sell at a loss now, if labor had not gone up? A. No, sir.

Q In other words, they would be justified in asking for more money for their milk even if the price of labor had not gone up, if they had been selling at a loss, would they not? A. Very true.

Q (By Comm. O'Hare.) Do I understand, Mr. Lull, by that statement, you mean to intimate that the farmers were selling at a loss last April? A. I think in some cases they were, Mr. O'Hare.

Q What cases? A. In cases where the men were depending on the hired help to a great extent they were selling at a loss.

Q Do you know of any farmer personally who was selling at a loss? Mr. PATTEE. Yes.

Mr. LULL. Yes, I think I do.

Comm. O'HARE. I thought I was asking Mr. Lull questions, but an answer came from another section of the room. I don't desire this witness to be prompted.

Comm. BIRD. (In the chair.) Will the witness answer.

Mr. LULL. Mr. O'Hare asked me if I knew any farmer personally who was absolutely selling at a loss. It would be rather hard to make a statement exactly as to whether I knew that that was so or not. I do know, however, for a fact that there are farmers depending on hired laborers, making milk as a business,--

Q (By Comm. O'Hare.) That is not the question. Do you know of





any farmer in your community who was selling milk at a loss last April? A. I can answer in this way, that there were farmers making milk who were not able to pay their grain bills.

Q How do you know that? A. Because I handled their grain money. We handled the cooperative producing organization there, and these farmers paid money to me as manager of the corporation organization.

Q Who were the farmers? A. You want me to make statements here under oath in regard to the farmers of Hardwick who were unable to pay their bills?

Q No. I have simply asked you the question whether you knew of any farmers there who sold milk at a loss last April?

A And I have told you that I have to fall back on that for my information.

Q Because a farmer did not pay his bills it shows to your mind that he wasn't making money? A. Well, if he couldn't pay his bills it shows that he was not making money.

Q Can you tell the Commission how you know he was producing milk below cost? A. Why, he had his other expenses, as far as his living was concerned, and if he could not pay his bills I would have to draw the conclusion that he was making milk below cost or not getting his money back as a business proposition.

Q But you don't really know whether he was selling milk below cost or not? A. Not exactly; no, sir.

Mr. CLARK. If I may make a statement, not from hearsay, but from my own experience, I was employing last year, 1917, men whom I hired for \$30 a month, and \$35 and \$40, and their house, according to the men, giving them two quarts of milk a day, and all the fuel they wanted, which they had to cut themselves, and what land they wanted for a garden. This year I







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have been paying \$50 and \$60 a month, which I am paying today, and they can have their house and two quarts of milk, can have their fuel, which they have to cut, and what land they want for a garden. This summer I have been paying \$4 a day for men to work in my fields, giving them board and lodging, where last year they had \$2.50 and \$3. This year, even at \$4 a day, and board and lodging, I have lost a dozen men. It shows that even at that price, \$4 a day, with board and lodging, they are discontented. They will leave you at that price. It doesn't make any difference today how well you use a man or what you do for him or what you pay him, he will leave you. My men report at five o'clock in the morning, have half an hour for breakfast, and an hour at noon, and quit at six o'clock at night, and get \$4 a day and board and lodging, and then they will leave you. That is the condition with us today.

Mr. PATTEE. I would like to call the attention of the Commission to the testimony of Mr. Moses Page of Hardwick, who is a farmer, and who is on record as losing money producing milk in that town.

Chairman BIRD. Any further questions. (No response.)

I would like to make a statement for the Commission. The Commission will now adjourn to convene again when they have the costs from the dealers under the accounting system as prescribed by the Commission, and the present price will stay in effect until that time. The meeting is adjourned.

(Adjourned, subject to the call of the Chairman, at 4.32 o'clock P. M.)

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Room 427, State House, Boston,  
Monday, December 23, 1919.

Hearing before Federal Milk Commission in re milk prices  
beginning January 1, 1919.

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Present: Commissioners MORRIS, SAWYER, O'HARE and JORDAN.  
Messrs. SEARS, CUSICK, CLARY and PATTEE, were also present.

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Comm. MORRIS, in calling the hearing to order at 11.25  
a.m., spoke as follows:

Gentlemen, it appears from a conference with Mr. Patee  
and two of the men representing some of the larger dealers that  
certain figures of experts, and so forth, which were expected  
to be ready at this time, will not be ready. It is very desir-  
able on the part of the Commission that those figures be in  
shape for careful examination of the Commission prior to fixing  
the prices for three months, - January, February and March, if  
the Commission should decide to fix the prices for that length  
of time. Therefore the hearing, so far as the figures, and  
probably the price fixing for January, will be continued to  
Monday, December 30, at two o'clock in the afternoon.

There are some other matters that perhaps might properly  
be discussed, if you desire any discussion on them, at this  
time. I was not present at the last price fixing period, but  
I understood from the record that the price of milk for the  
month of December was to be the same as for the month of Novem-  
ber, which, of course, includes the handling of the surplus the  
same as it was handled in November. I assume that that is so,





but if anyone wants to be heard on that question we would be glad to hear from them now.

Mr. CUSICK. We decidedly object to that. I will try and state how I think the surplus was handled in November. I will read from the report:

"The Producers, under the surplus plan as now in force shall receive for all of their milk 9-3/4 cents per quart f.o.b. Boston, less the zone freight, plus the war tax and the can and country charges as agreed upon, with the premium for butter fat of four cents per point in excess of 3.5 per cent., if any, or the reduction for butter fat of four cents per point below 3.5 per cent. There shall be no reduction from the above price for the month of November on account of surplus."

Now, if I understand that right, you simply, arbitrarily state that that price is made and there shall be no surplus, - no consideration of the surplus plan in the month of November.

Now, on November 18, the first knowledge we got of it, we received a communication which says:

"That the surplus plan be so amended that from the volume of surplus milk a trade surplus of five per cent of the total volume of whole milk sold be deducted from the total surplus, and the remainder be treated as the net surplus to be dealt with as provided in the surplus plan."

Now, you can readily see that that is absolutely inconsistent. I supposed at the time that this was decided upon and made a vote ---

Comm. MORRIS. What is the date of that?



Mr. CUSICK. It is dated November 18 -- is when we got it. It says here, "Votes passed by the Federal Milk Commission for New England, Wednesday, October 23, 1918."

Now, if that is so, we know nothing about it whatsoever. Our first knowledge of this five per cent. was the letter -- and I think that is admitted by the Commission, too -- which we received on November 18. At that time you contemplated, of course, making the price for December. Then on account of the absence of figures, and so forth, no price was made for December, but the Committee ruled that matters remain in statu quo until further direction of the Commission. Now, of course, there has been no further direction of the Commission, and the facts are that in December we are going to have a substantial surplus. We cannot deduct that five per cent., which is called trade surplus, in our prices for December, because no prices were made, and therefore it could not be considered in the price that was made. Now, you do not mean to ask us to carry the surplus at the same price, - 9-3/4 cents, - for December. If that is the ruling of the Board we object strenuously and ask for a hearing on that. Is that your position, Mr. Whiting?

Mr. CHARLES WHITING. Yes.

Mr. CUSICK. You see, it is rather an embarrassing situation.

Comm. MORRIS. Well Dr. Gilbert, about what was the surplus for November? You haven't any figures for December, I presume?

Mr. GILBERT. No, I haven't any for December. The Whiting Company's approximately 9 per cent.

Comm. MORRIS. It would be only four per cent. to be carried to surplus. How much greater will it be for December than





that?

Mr. CUSICK. Mr. Whiting, can you give me an idea what the surplus will be? Assuming it was nine per cent in November, what is your best judgment as to December?

Mr. WHITING. It will be considerably larger. Fifty per cent. larger, I should say.

Mr. CUSICK. Well, express that, please, in a percentage. About fourteen per cent?

Mr. WHITING. Yes.

Mr. CUSICK. About thirteen or fourteen per cent. surplus in December. Now, Mr. Chairman, the point is that we have no price in which is absorbed that five per cent. trade surplus as yet. You see, there is the trouble, because no price was made for December.

Comm. SAWYER. You consider that the spread is not sufficient to take care of the five per cent?

Mr. CUSICK. Oh, no, it can't. And it was not figured with that in view, because this thing came subsequently, when you contemplated making the price for December.

Comm. MORRIS. I do not know just exactly what was said or done at that meeting. Prior to the November hearing, as I recall it, it was true that we took into consideration the spread with the idea of a five per cent. trade surplus for the month of November.

Mr. CUSICK. Not prior to November. It was the straight surplus then. The straight surplus as you gentlemen ---

Comm. MORRIS. Well, wasn't that later, Dr. Gilbert, written in reference to the action that was taken -- perhaps you were late in getting it, but it was written in reference to the November situation.



The first part of the paper discusses the importance of the study and the objectives of the research. It highlights the need for a comprehensive understanding of the subject matter and the role of the researcher in this process. The second part of the paper presents the methodology used in the study, including the data collection methods and the analysis techniques. The third part of the paper discusses the results of the study and the conclusions drawn from the data. The fourth part of the paper discusses the implications of the study and the future research directions. The fifth part of the paper discusses the limitations of the study and the strengths of the research. The sixth part of the paper discusses the contributions of the study to the field of research. The seventh part of the paper discusses the ethical considerations of the study and the measures taken to ensure the integrity of the research. The eighth part of the paper discusses the funding sources of the study and the acknowledgments of the researchers. The ninth part of the paper discusses the references used in the study and the bibliography of the research. The tenth part of the paper discusses the appendices of the study and the supplementary materials. The eleventh part of the paper discusses the index of the study and the location of the information. The twelfth part of the paper discusses the glossary of the study and the definitions of the terms. The thirteenth part of the paper discusses the list of figures and tables of the study. The fourteenth part of the paper discusses the list of abbreviations and acronyms of the study. The fifteenth part of the paper discusses the list of symbols and notations of the study. The sixteenth part of the paper discusses the list of equations and formulas of the study. The seventeenth part of the paper discusses the list of diagrams and flowcharts of the study. 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Dr. GILBERT. The letter which Mr. Cusick speaks of, dated November 16 or 18, was late in getting out. That is the point. Of course, after the hearing of October 23, when the price was fixed for November, there were verbal announcements. That is, we talked it over with the various parties. But the formal announcement did not get into their hands until the middle of November because the Secretary did not have time to get it out.

Mr. CUSICK. The Chairman of the Commission at that meeting wrote, or stated, that there would be no change in the surplus plan at that time. We understood that at that time the surplus plan was going through until the 1st of January, so that we would have a six months' period to decide what was the better course to pursue even in regard to the five per cent. trade surplus. Now, if you have got your records you will find that Mr. Allen stated that.

Comm. MORRIS. I remember; you are absolutely right. Mr. Allen came in here and he had not been present at the executive meetings. He had not consulted with other members of the Commission and inadvisedly he made his statement of what you say. But I thought that was corrected later.

Mr. CUSICK. It was only corrected by that letter of November 18, and of course we took it up with the Secretary, we took it up with the Commission here, and then subsequently when the Commission decided the prices would remain in statu quo until these figures were produced, I then took it up personally with Mr. Bird and Mr. Gilbert, and I was unable to find out just exactly what the situation was. The last word I had with Mr. Bird was that he would telegraph the Executive Committee and find out what their views were. And I think, as the result of that, Mr. Gilbert telephoned me that their views were



that there would be a five per cent. trade surplus figured for the month of December and that the surplus would be the amount that exceeded that. Am I right, Mr. Gilbert?

Dr. GILBERT. Partially.

Comm. MORRIS. The first part is all right.

Dr. GILBERT. It was decided that there would be a trade surplus for December the same as for November. And then the Executive Committee replied to Mr. Bird's telegram to wait until the percentage of surplus had been figured out for the various dealers for November.

Mr. CUSICK. Of course you did not tell me that.

Dr. GILBERT. That has been done only within the last day or so.

Comm. MORRIS. I remember my reply to the telegram was that as to the five per cent. surplus, I thought if there was any doubt about it that it should be settled at the hearing.

Dr. GILBERT. That is why it is brought up now.

Mr. CUSICK. I would suggest this, Mr. Chairman, as being the best thing we can do at this time: for this present body to make no statement in regard to that situation, and after the figures are in we can take that whole thing up. That will be in time to treat the December situation.

Comm. MORRIS. Your idea is that this question could properly lay over until the hearing of the 30th, and by that time we will know somewhere near what the surplus will amount to?

Mr. CUSICK. Will know better what it will be.

Mr. MORRIS. Of course we do not want to injure anybody. We want to be fair to everybody; it was unfortunate, perhaps, that it was not made plain at that time. Mr. Pattee, what do you say about deferring consideration of this question of sur-







plus for the month of December until these figures are in and we meet again on the 30th?

Mr. PATTEE. If the thing must be opened up, it may as well be then. It could probably be more intelligently handled then. I would say, however, that we have understood and acted on the presumption that the price meant what the farmer was to get. It was to be the same.

Comm. MORRIS. Your point is that when the Commission announced that the conditions would remain the same until further orders from the Commission,-- that is, at the November hearing -- that that carried the same order in reference to surplus that prevailed in November?

Mr. PATTEE. Absolutely.

Mr. CUSICK. Mr. Chairman, may I ask Mr. Pattee a question?

Comm. MORRIS. Yes.

Mr. CUSICK. Mr. Pattee, is it not true that you communicated with the Secretary of this Commission and that you stated that you were very much in the dark as regards the ruling of the Commission on the matter of surplus, on December 13, and inquired what it really meant?

Mr. PATTEE. That is quite true.

Mr. CUSICK. Then how do you reconcile that with what you have just told the Chairman?

Mr. PATTEE. And I asked the Commission if any effort had been made on the part of the dealers to seek any other construction, and was informed by him that another construction had been sought, and I informed him by letter that if that matter were raised we wanted to be heard.

Mr. CUSICK. Well, that is all right.

Comm. MORRIS. I think we will defer that question, then, until the figures are all in on the 30th. Is there any other



matter on the part of any dealer who desires to be heard this morning; or is there anyone representing the public here that desires to be heard this morning, or on the part of the producers?

Mr. FRANK D. CLARK. I want to state that the Producers understood that the December price was to be the same as for November. Now, I am a shipper to the New York market, and I want the Boston dealers to realize here that the New York market is way ahead of the Boston market. And if we take into consideration the surplus in the December price our New England producers are going to be way behind the New York market,- a spread that is entirely unreasonable.

Comm. MORRIS. Well, we of course as a Commission will not consider the New York market at all. Mr. Clark, if your organization expects help from this Commission they must not desert the Boston end of it either. We had a lot of evidence here Saturday afternoon from dealers around Manchester, New Hampshire, of the farmers cutting prices there, which did not satisfy the Commission very well, and we are going to pass those papers over to your Association to check up and see whether they have been doing it. I feel that you should hold the members of your Association up to the same degree of care in carrying out the Commission's prices and not letting them desert the situation that we are trying to hold the dealers to. Is there anything else? (No response.) Then the hearing is adjourned until the 30th day of December at two o'clock in the afternoon.

(The hearing was adjourned at 11.40 a.m. Immediately after the adjournment Chairman Allen arrived. The hearing was re-opened at 12.06 p.m.)





Comm. MORRIS. Chairman Allen has something to present before we disband this morning.

Chairman ALLEN. I am sorry that I was late in getting here. A telegram has come in from the Food Administration in Washington, which reads as follows:

"Wiring all administrators signing of armistice meaning virtual peace brings to an end many activities of the Food Administration, therefore it is not deemed advisable for representatives of Food Administration to participate or mediate in conference regarding milk prices beyond date of expiration current outstanding agreements."

As this telegram is interpreted by the Commission, in view of the warrant under which we are working, and in view of the memorandum dated November 22, signed by the Producers and Dealers, asking that the Commission continue for the period of three months, January 1, 1918, to April 1, 1919, it would seem as though this Commission could fairly meet and set prices for the next three months period. It goes without saying that this is probably the last meeting of the Federal Milk Commission of New England. We should want to put this up to Washington and get a definite ruling in view of this telegram, which would undoubtedly be favorable inasmuch as the telegram says "outstanding agreements." In discussing this matter with the Commission, we thought it only fair to read this telegram and to say to you men that it is the desire of the Commission then we leave the job to leave it in such a way that we not only save whatever good things the Commission has been able to do, but if possible put in some constructive program for the future, so far as the Commission can do that. And if the parties to





the agreement feel that that is the best way to do it, why we will wire Washington and try and get such a ruling. On the other hand, the Commission has got to stop sometime. It may be that, and you might feel that we could stop now, before January 1; formulate some plan whereby something could be done for the best interests of both sides and stop January 1 instead of next April 1. As I see it, I think it would be better to take a longer time than January 1, when prices are fixed for the next three months -- if such is the ruling -- and both sides would then have three months' time to work out something for the future. But there is no question in the minds of the Commission that this is the last time that the Commission will sit, because if we do fix prices for the next three months they will be fixed about January 1, and that will be the last time.

Comm. MORRIS. Pardon me for a suggestion. There might be meetings with the Executive Committee, or portions of the Commission, if any questions arose during the three months period?

Chairman ALLEN. Oh, yes, yes. But I mean, this would be the last meeting of price fixing. Are there any suggestions from the Producers or the Dealers?

Comm. MORRIS. Perhaps you would like to see the telegram and the agreement,-- the wording of it. (Papers handed to Mr. SEARS.)

Mr. CUSICK. Well, you want this thing to go on until April 1, don't you, Mr. SEARS?

Mr. SEARS. We have signed an agreement to that effect.

Mr. CUSICK. Mr. Chairman, I think I can safely say, as far as all the dealers signatories to that agreement are concerned, that we think it is only right, it is a matter of



justice, that this Commission should continue until the 31st day of March or the 1st of April. It certainly is unfinished business as contemplated by the telegram. Furthermore, your prices have been made with a view of at least a continuation for some time, as there is a general cleaning up to be made. It would almost be a catastrophe for the Commission to stop January 1 under present conditions, and I can't conceive that Washington would do that wittingly. I would almost think that you would not try to get a ruling from Washington under the present conditions but would assume that the telegram meant what it said.

Chairman ALLEN. Well, we undoubtedly will. I said we would take it up with Washington. I think we will tell Washington that we have received this telegram and that according to our agreement with the Dealers and Producers we are fixing prices for the next three months.

Mr. BUSICK. That is fine, and the reason I said that about Washington is this: I have been there within seven or eight days; the condition is chaotic. So many men resigning that were familiar with these conditions, that if you undertook to get a ruling from men not familiar with the conditions they might not be able to put the weight to the situation which the men who have been with the situation for the last year could. So that I think it would be fine for you men to stand by us and assume that that is what that means for the next three months. In the meantime, we are going to get some sort of regulation in regard to the industry. We hope to see some of you fellows again even if you do not come from the Food Administration. I am speaking now for my clients also.

Comm. MORRIS. You think that the fair interpretation





of the telegram is that we would be expected to continue during the period of this agreement, do you, Mr. Cusick?

Mr. CUSICK. I should say so.

Comm. MORRIS. That would be your ruling on it?

Mr. CUSICK. I should say that is what that telegram means, because it certainly is a current, outstanding agreement, because that thing was made and reported to the Commission at the hearing when you set the December prices, long before this telegram was received, and it was signed and executed, and I supposed accepted by the Commission at that time. Therefore, we were alive on the price fixing for three months. And that that was in the minds of the Commission is indicated by the fact that you insisted on letting the November prices remain in statu quo for December because of the inability of the dealers to have the figures according to your classification. So that all the evidence points to the fact that this is an outstanding agreement which cannot in decency be abridged.

Chairman ALLEN. I think that is quite clear. Do you feel the same, Mr. Sears?

Mr. SEARS. Yes, I think it is quite clear.

Chairman ALLEN. Mr. Pattee?

Mr. PATTEE. That is our position entirely.

Chairman ALLEN. Mr. Morris has already announced the adjournment until December 30.

(Adjourned at 12.10 p.m. to 2 p.m., Monday December 30, 1918.)



FEDERAL MILK COMMISSION FOR NEW ENGLAND.

Boston, December 30, 1918.

HEARING BEFORE THE FEDERAL MILK COMMISSION FOR NEW ENGLAND in Room 427, State House, at 2 o'clock P.M., on the question of a possible readjustment of milk prices for New England.

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Chairman ALLEN presiding; Secretary, Dr. Arthur W. Gilbert  
A quorum was present.

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Chairman ALLEN, in calling to order, said: We will first hear from the producers. Mr. Pattee.

STATEMENT BY MR. RICHARD E. PATTEE.

Mr. PATTEE. Mr. Chairman, I am sorry to say that our Mr. Davis, on whom we rely for all our figuring costs, etc., has been stricken with the influenza and is not able to be here to present his own figures. He took his figures home with him Saturday night and was taken sick that night, and has simply sent them in here. I am, therefore, obliged to present them in a very fragmentary way. I am not able to comment on them as Mr. Davis, who compiled them, could.

As nearly as I can state it, the figures that have been filed with you are his retabulation of the costs as worked up from the latest data, which was principally that received prior to your last hearing, supplemented, I understand, by



some few that may have come in since.. At that hearing you asked for certain particular information, and Mr. David has apparently compiled that information on separate sheets, of which but one copy was found in his memorandum,--such things as the price of labor by states, the number of cows involved, and so on, as some of you who were present will remember.. I would like to file that for the information of the Commission, although I have not had time to look it over.. But it is a summary made up from the material upon which he compiled his other data..

(Mr. Pattee filed with the Commission sheets, which were marked "Exhibit 1, December 30, 1918, E. W. H.,"--as follows: (1) The average cost of producing a quart of milk by State (New England), December, 1917, June, 1918, survey for June, 1918, August, 1918, October and November, 1918; (2) Summary sheet of data from milk producers presented affidavit, November, 1918, for Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island and New York; (3) Cost of milk production in Massachusetts for November, 1918; (4) Cost of milk production in Maine for November, 1918; (5) Cost of milk production in New Hampshire, for November, 1918; (6) Cost of milk production in Vermont for November, 1918; (7) Cost of milk production in Connecticut, for November, 1918; (8) Five-line summary of cost of milk, twelfth zone deduction, and cost per hundred weight and per quart f.o.b., Boston).

Mr. PATTEE. According to the tabulation of the figures as we have them, as we had them, the weighted average cost of producing from a five thousand pound cow one quart of milk f.o.b. shipping points, would be .0857..

Commissioner SAWYER. Now, Mr. Pattee, just a minute..





Take your first sheet, and you will find that the average cost, the weighted average for a five thousand pound cow, is given as .0857; that the average production per cow in this survey is given as 5,518 pounds, and that the average production per cow censored is given as 4,055 pounds.

Mr. PATTEE. Yes.

Commissioner SAWYER. Now, you brought that .0874 for a 5,518 pound cow down to the cost for a 5000 pound cow. Is that it?

Mr. PATTEE. I should think so. I should think that would be the process, Mr. Sawyer.

Commissioner ORRIS. But according to these figures the average production per cow census is 4,055 pounds.

Commissioner BIRD. Yes, but the basis of the Commission's average was 5000 pounds.

Commissioner MORRIS. Yes, I know that, but I was simply wondering how this would figure out.

Mr. PATTEE. You understand that personally I have not had an opportunity to verify these figures, but I assume that what Mr. Sawyer says is true.

Chairman ALLEN. What were the last month's figures settled by the Commission, or what was the last figure, weighted average, for a 5000 pound cow?

Mr. PATTEE. I haven't the last month's exhibits here, and I cannot tell you offhand. But, if I remember right, .087 and something.

Commissioner MORRIS. Well, I think we understand it.

Mr. PATTEE. The single sheets that I have just handed you, setting forth .0857 per quart, would mean 3.98505 per hundred, and, taking the 12th zone deductions, .72515, and adding to the



cost at the country railroad station, would make the cost delivered at Boston, per hundred weight, \$4.710205, or per quart, dividing that by 46-1/2, 10.13 cents, delivered in Boston. That is, if you were to award us 10.13 cents, delivered in Boston, we would receive for the 13th or typical zone .0857 at the railroad station for our milk.

Under the figures that are given, I see no way but for us to ask that the Commission award us 10.13 cents per quart, delivered at Boston.

In discussing these figures, I wish we could know whether or no the Commission is to fix a price for three months, and several other elements which will enter into the price to be received for milk during the three months, if so awarded; whether or not whatever price will be awarded will be affected by a surplus provision, such as has obtained in the past, and, if so, what form that surplus arrangement will take? If it is contemplated to revive the surplus charge back, we would like to be heard with respect to some changes which we would ask the Commission to make in the matter of the surplus charges.

Chairman ALLEN. Before answering the question, Mr. Pattee, I will say that we think you should now put in all your suggestions in regard to the surplus plan.

Mr. PATTEE. I do not wish to be in the position of asking, moving or requesting, or in any way suggesting the revival of the surplus charge back to the producers.

Chairman ALLEN. I think it is only fair to say here, as Mr. Pattee has asked the Commission a question, that we are proceeding with this hearing with the understanding and according to the agreement entered into on November 13th, I think it was, to fix the prices for the next three months. It goes





without saying that at the end of that period, if the Commission continues until April 1st, the Commission will go out of existence on April 1st, and that you can count upon it as definite that this will be the last meeting of the Commission. It is true that today we are proceeding on the assumption that the Administration at Washington will carry out the agreement, which the Commission all feel that they should do, but we will not, of course, get the official approval from Washington before we establish the final prices for the next three months. But there is another thing that we all ought to realize, and that is that this will be the last period, if we do fix prices for this period, for which the Commission will sit. Therefore, it is a very pertinent thing to bring up now the question of surplus plan, because if you start something for three months and then you have no body such as this Commission, neither we nor anybody else knows what will happen on April 1st, so far as the surplus plan goes. Therefore, the question should be very carefully considered on all sides as to what will be the best thing for the whole industry today.

Mr. PATTEE. Under the circumstances, Mr. Chairman, I think I will suggest a motion, if that is the proper procedure, that the Commission find its price for the next three months on the basis of cost plus a reasonable profit, without a surplus charge back to the farmers.

Comm. MORRIS. Cannot we tell what the surplus will be?

Mr. PATTEE. I simply made that as a suggestion to the Commission. If that be overruled, I should like to suggest certain changes in the surplus plan.

Mr. CUSICK. Mr. Chairman, I want to ask through you if Mr. Pattee realizes that when the agreement was signed on



November 22nd, the order of this Commission was that there should be a surplus plan? That surplus plan was then in force. We supposed it was to continue in force. We acted on that assumption. It is now in force, and even on the question of the month of November your notice to the dealers specifically says that the surplus plan is not even modified.

Chairman ALLEN. It is now in force and will continue in force.

Mr. CUSICK. While you make prices.

Chairman ALLEN. Unless the Commission changes it. Now, Mr. Pattie has some suggestions to make.

Mr. CUSICK. He suggests abolishing the surplus.

Chairman ALLEN. The Commission has not voted on it. We will hear the suggestions.

Mr. CUSICK. Is that question open at this late day, under the circumstances?

Chairman ALLEN. I should say it was. We have not answered Mr. Pattie.

Mr. PATTEE. Mr. Chairman, if I do not mis-state, the record will show that we suggested to the Commission nothing except that the status of the surplus plan remain for the next three months what it was for November. If the Commission overrules that, I would then like to make some suggestions in regard to an amendment to the surplus plan.

Chairman ALLEN. The Commission feels that the surplus plan should continue in operation as long as the Commission sets a fixed price. They will be glad to sit and listen to proposed modifications, but otherwise the surplus plan will stay in effect as long as the Commission sits. We have voted from time to time various modifications, which, of course, we shall con-





tinue to do if we think advisable. So, you may present your suggestions, Mr. Pattee.

Mr. PATTEE. The first is made, as a matter of record, that no surplus be charged back to the farmers.

I would now like to hand to the Commission this slip.  
(Handing to the Commission the following :

"That the S P be so amended that after the deduction of the 5% trade surplus, there shall be deducted the amount of milk purchased from dairies taken on since November 30th, 1918, and the net balance so determined shall be the surplus dealt with as provided in the surplus plan.

"Provided that, if such net balance shall not meet the needs of the dealer, for market milk, and to make up the 5% trade surplus, the amount so needed shall be taken at the whole milk price from dairies taken on since November 30th and the balance shall be the surplus chargeable to such dairies and no others, as surplus under the surplus plan.")

I would like to suggest to the Commission that the letters "S P" stand for "Surplus Plan". I see that the girl wrote it "S P". I initialled it that way in writing it, on the assumption that she would write "Surplus Plan". (Reading the suggestion as set forth above in parenthesis.)

The Commission in its wisdom may see fit to revise the language.

The purpose of that request, stated as well as I know how to state it, is that the production of dairies so taken on should not be added to the surplus charged back of dairies previously on; that the dealers might not be allowed to go out





and add new dairies to their purchases and charge back the surplus so created to the dairies from whom they were receiving milk prior to their purchase from new dairies.

Comm. BIRD. Is there any stipulation in there, Mr. Pattee, that the dairies that are supplying milk to the dealers should not change over?

Mr. PATTEE. If you can write such a stipulation and we can assist you in enforcing it, we will be glad to do so.

Comm. BIRD. What protection is that to the dealer if a lot of dairies change over to somebody else and reduce the amount of milk, and he cannot take over any dairies to take their place? What happens then?

Mr. PATTEE. I think that is covered in the second paragraph.

Chairman ALLEN. Now, shall we discuss the matter at this point, or hurry along now and take up other points? Is there any discussion desired upon this?

Mr. CUSICK. Yes, we want to be heard on any modification of the surplus clause. This is the first we have heard in regard to such a thing as this. We are trying to do two things at once. If you want us to discuss it now, very well, but I think we should have a little time to think it over and find what in time he means by this. He says you may change the language. All we have to go by is the language that appears here.

Chairman ALLEN. I think we might as well go along, that it will save time for both sides.

Mr. CUSICK. We would like to find out what he means by it.

Chairman ALLEN. Ask him.

Mr. CUSICK. Just what do you mean by that, Mr. Pattee?



Mr. PATTEE. I don't think I can improve on the language as laid down in the statement, Mr. Chairman.

Comm. MURDOCK. Perhaps he can give us the reasons, then, why he asks for the change. What is the basis of it?

Mr. PATTEE. If the Commission would like to consult its own record, it will find that during the summer a large number of dairies were taken on by the dealers in milk, more than were dropped. Dr. Gilbert has furnished me with some figures that he compiled, which are, I presume, in the possession of the Commission. They are figures relative to the number of new dairies taken on and old dairies discarded or lost, or disappearing, in the case of the various dealers. These figures show that there was a considerable addition to the number of dairies taken on, that in some instances the number was twice as great or more than the number of dairies lost, without a corresponding increase in the sale of milk. Now, the complaint is general throughout the producing section that the continuance of that practice not only throws doubt on the necessity for the surplus charge back that is made, but opens the door to a serious situation affecting the interests of the producers in many sections. If the present system is continued, under which without check or restraint in some way the dealers may continue to take on new dairies at their will and pleasure and charge back to the producers who have been previously supplying milk the loss on the excess milk that arises in that way,





there is nothing to prevent dealers from invading new territory, from taking on dairies that would seriously handicap the operations of country creameries, and their doing so would be at no loss or sacrifice to themselves, but the loss that would arise in that way would fall upon the dairies which they had been previously handling, although it would be the result of no fault of and would be absolutely not under the control of such dairies.. We believe it is fair, just and reasonable, that if a dairy anticipates a certain need for milk in the future and goes out and purchases the milk in anticipation of that need, the loss that arises by reason of any faulty judgement, because the dairy finds that it did not need it, fall on the man who exercised that judgement, who went out and bought milk that he did not use.. The loss in making such purchases should not be charged up to the other dairies, that have nothing to do with it.. I think that covers the whole situation..

Chairman ALLEN. Are there any questions?

Mr. ZIMMERMANN ( of Wayland).. Mr. Chairman, I would like to ask if this price fixing governs the outside territory, outside of the New England producers' situation? Personally, I don't think there will be a surplus. I see that the farmers are selling off cows, and one thing and another, and I don't think there will be a surplus to argue over.. Then, there is a margin there between two months.. As this gentleman says , we don't know what is going to happen when the three months are up, having just got through November and December, and January, February and March coming.. Another thing, we are coming to the first of April , and we are not going to have any war.. If the thing was going to be in the hands of the regional board right



along, it would save this arguing, disputing, and the farmers and others would abide by it.. If we lose that the first of April, we are going to have continual arguing.. It seems to me it would be a good thing to do away with that sort of argument, as much as possible, giving this same board the power that it has had as a regional board in setting the price of milk, that that would be satisfactory to the producers and contractors both.. Otherwise, we will have this continual argument, which the public does not want to see, and one thing and another.. I think we certainly don't want that.. I think it save a good deal of trouble if we could have some kind of agreement, and if we don't things will get into bad shape.. There's another thing I would like to say, introducing another question..

Chairman ALLEN. You are a producer?

Mr. ZIMMERMANN. Yes sir. I saw the other night that they were going to lower the price of flour and were going to charge a dollar more for the grain.. Now, the price of grain affects the price of milk.. We in Massachusetts are too much at the mercy of somebody in the West. A grain corporation gets together and sets the price of grain. Gentlemen, I will tell you how they do it.. It is a funny thing how they make a consumer in New England, and every producer, pay the bill.. They get into a room out West-I don't know whether it would be the Chicago Board of Trade or some grain corporation,-and get together and make the figures.. It seems that before, the gold standard used to be what they measured values with.. It seems now that the standard is the hog.. The price of grain is settled by the price of the hog.. If the hog is \$13.15, that governs the grain.





We ought to do something to break the power of the grain corporation, the biggest trust we have in the country.. Every person, I don't care who pays for milk, pays more than he ought to, because those men have the power to settle this thing. They get into a room and dictate the price of grain. Those are the facts. I don't know of a man today producing milk who is making money, because the men out there have the power to make or state the price for the grain, although we have the biggest crop we ever had, and still everybody is in the power of those persons.. The President of the United States and all those people <sup>out there</sup> don't know that .. Bryan was far away-

Chairman ALLEN.. I am sorry, but it seems to us you are getting rather far away from the subject..

Mr. ZIMMERMANN. It has a direct operation on the price of milk.

Chairman ALLEN. I wish the Commission might do something about it, but it is outside of our province..

Mr. ZIMMERMANN.. Well, we ought to do something about it in New England, here.. I know a man who lost fifteen hundred dollars last year making milk, and probably more, on account of the price of grain..

Mr. CUSTICK.. Mr. Chairman, as I understand Mr. Pattee's suggestion, he wants you to modify the surplus clause in some manner so as to provide in the surplus plan for new dairies that are taken on from time to time by the different contractors, and I understand that he has had compiled for him a state-





ment indicating the number of dairies that have been stopped and the number of dairies that have been put on by the different contractors from May 1, 1918.. This statement has just now been presented to me.. But there is one very significant thing about it, and that is this, that, with the condition of the fluid milk supply in this city in the latter part of October and November, under almost famine conditions, it is very evident that the milk contractors did not take on enough dairies or dairies making enough milk.. The unsoundness of this proposition lies right here.. Take the D..Whiting Sons for instance.. It is alleged that they have taken on since May 1, 1918,- and this is obtained from records of the secretary, made, I understand, as required by the Commission,-three hundred and ninety-three dairies, and have stopped two hundred and seventy dairies.. There is absolutely no evidence in existence now-I mean that there is no evidence before this board, and Mr. Pattee personally has no evidence,-as to whether the volume of milk represented by those two hundred and seventy dairies that were stopped more than equalized the volume of milk obtained from the three hundred and ninety-three that it claimed have been put on.. In the natural course of events there are dairies stopping every month, for reasons that are entirely collateral perhaps to the milk business.. There is a change in dairies going on all the time.. But, as I conceive the basic principle of your surplus clause, it is based on the entire industry.. All I can say about D..Whiting and Sons in this respect is this, that he did not put on enough dairies to carry and supply our trade for fluid milk under the conditions that existed the latter part of October and the first of November.. The entire basis of the sur-



plus clause is the carrying of milk sufficient to supply the normal trade at the time of the lowest production.. This shows right in itself the reason why you should have a surplus clause. Here is this great big production, with this surplus you have reference to

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which your secretary has an account of, a surplus of sometimes perhaps 40 per cent. In November, with the additional dairies he is now complaining about, we could not get our normal amount of milk to supply part of the October and November business.

I don't see how ---

Mr. PATTEE. Mr. Chairman, may I ask Mr. Cusick if he will kindly read the last clause in this request?

Mr. CUSICK. I don't know what it means, and I have read it.

Mr. PATTEE. I don't think you have. You are talking about the dairies previous to the last of October and the month of November.

Mr. CUSICK. I am not talking about dairies.

Mr. PATTEE. This does not request the Commission to take those dairies into consideration at all, but only those dairies added since November 30. I doubt if Mr. Cusick understood that.

Mr. CUSICK. Well, you are dealing with a principle, and the principle is the same whether the dairies were taken on before or after November 30th. But I have no doubt the dairies taken on since November 30th -- I don't know about this, but I think it is probably true, -- were simply taken on in the natural course of business, and, that being so, what are you going to do with those dairies?

Mr. ZIMMERMAN. They are all absorbed in the charge back.

Mr. CUSICK. What would you do, Mr. Pattee, with those dairies?

Mr. PATTEE. It is provided in the second paragraph that if a surplus arises by reason of adding new dairies, the surplus that so arises shall be charged back to those dairies.

Mr. CUSICK. That is about as practical a thing ---



Comm. MORRIS. Practically wiping out the Commission's prices as to those dairies.

Mr. CUSICK. Absolutely.

Mr. PATTEE. To the extent the dairies provide a surplus, and your surplus plan itself wipes out the Commission's prices to all the dairies in that case.

Mr. CUSICK. No.

Mr. PATTEE. Well, shall the prices you award to the present producers whose supply is needed be wiped out or extinguished in whole or in part by the dealer going out and buying dairies that he did not need?

Comm. MORRIS. I want to see if I get your point, Mr. Patten, if I understand it. If dairies have been taken on since November 30, and that has created a surplus to the amount of those dairies, then those producers will only get out of their milk just what it is good for, what it amounts to for manufacturing, as surplus?

Mr. PATTEE. Yes, sir; and, to the extent that their milk is needed, if their milk is needed for the market, and to make up this 5% dealers' carrying account, to that extent they get paid the whole milk price.

Comm. MORRIS. As a result, you would force them back into the creameries, or wherever they sold their milk before? That would be the natural consequence, wouldn't it?

Mr. PATTEE. The consequence would be that if a dealer would take on new dairies he would take them only subject to a surplus charge back if they created a surplus. It is not asked, you will understand, in this plan, that any restraint be placed at all on the purchase of new dairies, or on additional business.





Comm. MORRIS. If they want to send their milk into Boston and have it manufactured, and take the manufacturer's prices, they are at liberty to do it?

Mr. PATTEE. And take the chance, perhaps, of taking the whole back.

Mr. N. P. COOK. Mr. Chairman, my name is N. P. Cook, of Mt. Holly, Vermont. In my section of Vermont -- I am one of the back-to-the-landers -- there is a very considerable laxation of the cows in February and in March. Now, take the case of a dealer who drew a supply of milk from our section, and who has not had occasion to take on a dairy since November 30, but the dairies increase over their normal production, and with the same herds they were getting 40% more milk than now? What would be the position of a dealer where he has taken on no new dairies since November 30th? Would he be obliged to take all of that 40% increase?

Mr. PATTEE. Is the gentleman addressing his question to me?

Mr. COOK. I am asking for information.

Chairman ALLEN. You might answer the question, if you wish, Mr. Pattee.

Mr. PATTEE. The change suggested here does not involve any change at all in regard to that man charging back his surplus to his old producers. If the surplus arises through the production of former producers, it will be charged back as before. If it arises through the addition of new dairies, then those new dairies, to the extent that they made it, would bear. In other words, from the whole surplus, before it was charged back to the producer, would be taken the production of new dairies.





Chairman ALLEN. Is that clear, Mr. Cusick?

Mr. CUSICK. Very clear, but I would like to ask Mr. Patten this: Who are the former producers? These producers are changing every month.

Mr. PATTEE. As of November 30th.

Mr. CUSICK. But they will change during December, and through January, February and March. That is the normal condition of things, the normal change indicated here by the figures generally. The thing is not so fixed that we have the same dairies supplying us today that we will probably have a month from today. Some will drop out and some will come in. Now, your surplus charge provides for just those conditions. It requires us, I think, to notify the Board whenever we take on new dairies or drop others. The exact language is not quite definite in my mind, but I know there is a clause in the surplus provision that regulates just such things as we are talking about now.

Chairman ALLEN. This sounds to me like a union among the milk producers.

Mr. CUSICK. Oh, it is worse than that. No., this surplus matter is provided for in the arrangement already existing. Take the Whiting business, for instance. They have probably sent word to your Administrator during the period referred to here, from July 1st. The thing is fixed up with your secretary. They have given the reason why they wanted to drop 270 dairies and take on 393. You knew all about that and it was satisfactory to the Commission at that time. That does not, however, increase the volume of milk available for us to use here as fluid milk when we want it. That is the situation, and that is where the unsoundness of this thing comes in.



Chairman ALLEN. As I understand it, Mr. Pattee wants to take November 30 as of the list of dealers furnishing milk to the dealers, and call that a closed list, and that any dairies taken after that will have to stand the surplus, if there is one. That is, there will be a preference there.

Mr. CUSICK. Can the Commission do that?

Chairman ALLEN. The regular surplus plan only pro-rated back to the producer what he had been charged with, in connection with the surplus. It did not make a preference as between the older and newer producers, did not practically put the burden on the fellow who came in as a new producer of getting a less price than a producer who was on the list November 30.

Mr. PATTEE. I am going to ask, in all good faith, why the man who comes into this market and creates a surplus should not bear it to the extent that he creates it in this market, rather than passing it along onto those who do not create it?

Chairman ALLEN. As I understand it, the answer of the other side is this: In the normal course of business they have to go out and get outside business.

Mr. PATTEE. Yes, and to the extent that they need those dairies, there is no surplus to charge to anybody.

Comm. BIRD. Suppose the Hood Company lost 20 of its producers in the month of December ---

Comm. MURDOCK. Or suppose they went out of business.

Comm. BIRD. Yes, or suppose they went out of business, and the Hood Company should take on 20 other producers to fill their places. Your idea is that those new producers should bear the burden of the Hood Company's surplus more than anybody else. Now in that case that is not due to any overloading on the part of the Hood Company.

Comm. MORRIS. I don't think you quite get Mr. Pattee's point. As I understand it, if there is a surplus of milk aris-





ing from the producers already on the list, or that were on the list up to the 30th of November, they will bear that surplus, as they have been bearing it.

Mr. PATTEE. Yes.

Comm. MORRIS. Then, in addition to that, if there is a further surplus created by parties taken on since that date, they would only get the surplus price for all the milk going to make up that surplus?

Mr. PATTEE. Yes. They were not needed, Mr. Chairman, as producers of milk for this month. They were taken on by the dealer in accordance with his judgment, or representations that they could get higher prices for their milk, and they turned it into this market, and then the previous producers are asked to bear a part of the loss which is suffered because of the dealer taking on dairies which he did not need.

Comm. MURDOCK. Your point is that this tends to bring into this market milk that would not normally come into this market?

Mr. PATTEE. It certainly does, and it opens itself to this objection. I am not citing this as a specific case, but am giving it hypothetically.

Mr. COOK. We will accept it.

Mr. PATTEE. A dealer operating alongside of or in the neighborhood of a creamery section may, under the present plan without amendment, tap that creamery section, solicit from men sending milk to that creamery some of the best dairies, and in that way, without removing a large amount of milk, may so cripple that creamery as to put it out of business. If he suffers any loss from taking on too much milk, he can apportion it among all his producers. He does not need to suffer any loss



himself. He may apportion it among all the men whose supply previous to his doing this was adequate to his needs, as far as the market was concerned.

Comm. MURDOCK. I suppose that might possibly be modified, so that dealers might take on new producers in place of those whom they had lost?

Mr. PATTEE. Perhaps you can phrase that in a different way, indicating that more specifically, but I think it is covered in this provision, that if any part of the milk made by the new dairies taken on is needed to make up the trade surplus, the sales of the dealers required to carry that part of it shall be considered whole milk and paid for as such.

Comm. O'HARE. What encouragement would there be for any man to go into the business of producing milk if your suggestion were adopted?

Mr. PATTEE. What do you mean?

Comm. O'HARE. What inducement would there be to any citizen who wanted to go onto a farm and produce milk, if your suggestion was adopted?

Mr. PATTEE. I do not know, Mr. Commissioner, exactly what you are driving at. The market price of his milk is determined by these conditions.

Comm. O'HARE. Well, put it the other way. If your suggestions were adopted, would it discourage the production of milk by new dairies or new farmers?

Mr. PATTEE. I think not, most decidedly. It would certainly encourage, mightily encourage, the production of milk by the dairies already making milk, because they would realize that they were not to be charged with a loss made by taking on new dairies that were not necessary.

Comm. O'HARE. And it would have a tendency to freeze the





other fellow out?

Mr. PATTER. I don't see it. To the extent that that milk is necessary in connection with the supply, it is provided that he shall get the whole milk price.

Commissioner O'HARE. Can you explain how he could come in and obtain the same treatment and encouragement as the other fellow?

Mr. PATTER. If the market would absorb his milk, he would get the whole milk price for it. If it didn't, presumably he would get the same price that he is getting now for it.

Comm. O'HARE. If you were starting in as a farmer and had to be treated as you suggest now, under your suggestion, how long do you think you would produce milk?

Mr. PATTER. Let me answer that the other way to.

Comm. O'HARE. Taking all the chances that a new man would have to take?

Mr. PATTER. I would not say that it would affect the present dairy situation in the least. There would be no man who would go out of producing milk who is not in it, under this plan, whose milk was not brought in here, but many men have seriously contemplated going out, and have actually gone out, and there is almost a state of rebellion in the minds of producers already making milk for this market, because of the fact that the dealers are allowed, with an increasing supply, to go out and add new dairies and charge back the surplus to those dairies they have already had, to the men that did not make it.

Chairman ALLEN. Don't the figures show, although this has been going on for two or three months, as far as the whole milk sold or used is concerned, that they did not buy more milk than they needed for the normal run of the business? What do those figures show?





Mr. PATTEE. A very small surplus in the month of November.

Chairman ALLEN. It seems to me what you are considering now is going back to the condition of affairs before the surplus plan was adopted. Unless you can put your finger on some real unfairness, it seems to me the Commission ought not to take time to go into this matter in all this detail again, because the surplus plan was threshed over, and it was passed after consideration to the point you are now bringing up. Now, what producers have been hurt by the surplus plan, or where has it hurt the producers?

Mr. PATTEE. I suppose you want specific information?

Chairman ALLEN. You are making suggestions which would really change the basic idea of the surplus plan, and we want to get at the reasons for that.

Mr. PATTEE. I cannot see wherein this really changes the basic idea. As I understand the surplus plan, it charged the loss arising from the surplus to the man who created it.

Chairman ALLEN. Inherently, yes.

Mr. PATTEE. Now, then, if the dealers go out and solicit and actually engage milk from new dairies, which milk creates a surplus, then the new dairies to the extent that they create that surplus should bear it. That is all we ask.

Chairman ALLEN. Has it worked out to the disadvantage of the others?

Mr. PATTEE. Yes, to their disadvantage.

Chairman ALLEN. The figures seem to show that the dealers did not over-buy.

Mr. PATTEE. Is that a fair assumption?

Mr. CUSICK. It is the truth; it is not an assumption.

Mr. PATTEE. More than that, the adoption of this plan would not in any way penalize or handicap the new dairies to



the extent that their milk was needed.

Mr. WHITING. Would Mr. Pattee's objection be met if that were limited to new territory or extension of routes into new territories from time to time?

Chairman ALLEN. If it were simply a matter of changing the number of producers to a given dealer, to maintain the normal business, I don't understand that Mr. Pattee would object to that, because that comes along in the normal course of events.

Mr. WHITING. I understand that he did limit the list of dairies to those selling November 30th.

Mr. PATTEE. Perhaps Mr. Whiting has heard this read, but it provides, in the case of a surplus arising in this way, that from that surplus shall be taken the amount of milk produced by new dairies before there is a charge back on the old dairies.

Mr. WHITING. What, in your mind, constitutes a new dairy? The sale of a farm from John Jones to Robert Smith, - is that a new dairy? Of course, that means a change on the dairy list, but it is not really a new dairy, is it? It doesn't produce more milk. Now, this very list submitted to Dr. Gilbert gives just those transactions, where there are sales, where a farm may go from father to son, where there is simply a change of name, but where the dairy does not change, and where the volume of milk does not change. Or dairies are changing from cream to milk or from milk back to cream. There is the same volume of dairy product coming to the market, however. I thought Mr. Pattee might have in mind perhaps the limitation or taking on of new territory, or extension of territory of existing routes. Of course, there will be a surplus of milk beginning January





ist, or an over-supply of milk, and the prudent dealer would not take on extra milk, I should think, in view of existing conditions.

Chairman ALLEN. I would like to ask any the dealers should go out and buy more milk than he wants at a certain period -- couldn't it be for turning it into butter, or what is the advantage of taking on more milk?

Mr. PATTEE. No, sir. We find that there are these applications now from time to time, and there is this condition that confronts us, and it reacts on us.

Chairman ALLEN. What is your fear,-- that they will do that?

Mr. PATTEE. Well, the thing has been put up to us, as I have stated.

Chairman ALLEN. Your fear is for the future?

Mr. PATTEE. We have suffered in the past.

Chairman ALLEN. Since this surplus plan went into effect?

Mr. PATTEE. I would suggest that it was only apparently at the very earnest solicitation -- or I would rescind the word "apparently" -- of this organization that there was no such surplus charge-back allowed during the month of November.

Chairman ALLEN. Because there wasn't any surplus, was there?

Mr. PATTEE. If I remember correctly, the claim was made that there was a surplus at that time.

Chairman ALLEN. Very small?

Mr. PATTEE. Yes.

Comm. BIRD. Mr. Pattee, you feel that you have been hurt by this?

Mr. PATTEE. Absolutely.

Comm. BIRD. Have you analyzed these figures carefully?

Mr. PATTEE. I don't know what you call "carefully", but



I have given them some study..

Comm. BIRD. How much fluctuation do you figure that there would normally be through dairies leaving dealers, going out of business, or through changes in the usual course of business among these different dealers? What percentage do you think would be fair?

Mr. PATTEE. Changing from dealer to dealer?

Comm. BIRD. Yes sir, brought about by the dairies themselves, either because of the dairies changing or going out of business, selling out, something of the kind,--what would you figure was the reasonable percentage of fluctuation?

Mr. PATTEE. I would not answer that question, offhand; very little shifting from dealer to dealer..

Comm. BIRD. Analyzing this, you see that the Alden Brothers have two percent less dairies now than they had in May?

Mr. PATTEE. Yes..

Comm. BIRD. Taking the difference between those taken on and those that they left off, they now have two percent less?

Mr. PATTEE. Yes..

Comm. BIRD. The Whiting Company shows nine percent more, the C. Brigham Company shows fourteen percent more, and the Elm Farm Company seven percent less, from the first of May..

Mr. PATTEE. Yes..

Comm. BIRD. Just how that would all average in volume I don't know.

Mr. PATTEE. May I suggest, Mr. Commissioner, that that is not really pertinent, it seems to me, to the proposition.. These dairies were needed to maintain the supply, a man's business might grow and he might be perfectly justified in taking on



new dairies, either to replace those lost, to meet greater necessities, or for any other reason, and to the extent that he does that there is no loss to charge back to the producers. But if he goes out and takes on dairies that he does not need, then either he or they should bear the loss by reason of his doing so. The other man had nothing to do with it; it was something beyond his control, and he seriously objects to a dealer going out and buying, on his own best possible judgment but false judgment, product that he does not need, and then protecting himself entirely by charging it back on to those dairies that he did need.

Comm. BIRD. Well, personally, as Commissioner, I have a great deal of sympathy with what you are trying to do. You are trying to protect yourselves from wild buying on the part of the dealer?





ist, or an over-supply of milk.

Mr. PATTEE. Yes, sir.

Comm. BIRD. On the other hand, I don't see how your remedy is applicable, capable of being actually worked out. It is your remedy that troubles me more than your ---

Mr. PATTEE. Disease.

Comm. BIRD. Disease. I mean, that I agree with you that there is a possibility of the disease, but whether your remedy is going to be so cumbersome that it will be impossible to work the thing out, is rather a question in my mind.

Mr. PATTEE. I do not believe that after reasonable study the Commissioner would find it impossible, and I do think that he would find it efficacious.

Mr. COOK. Mr. Chairman, this discussion is just the same kind of discussion in regard to products as might be had in regard to the production of boots, wire, or any other commercial product -- commodity. The product that you wish to market depends entirely on periods of laxation of the cows. I am a back-to-the-lander, in 1904 starting a creamery at Mt. Holly, Vermont. I marketed my own product and then went on increasing until I got a fairly extensive product. But there would be times in that country, in the territory from which I drew my supply exclusively, when there would be 55 units of distribution per day, and then, in that same area, 55 units of distribution per week. There would be, for instance, a famine in November and December and in May and June, it was a nightmare, owing to over-supply. And this was the situation with every other dealer that I came in contact with.

Chairman ALLEN. You are supporting the dealers' standpoint?

Mr. COOK. Well, my position is more a general one, because I have been a dealer and also a producer.



Chairman ALLEN. Pardon me. Are you speaking for the Pattee resolution or against it?

Mr. COOK. No. I am going to speak for and against it before I get done. Now, Mr. Pattee, if he knows anything about the production of milk, knows that November and December are the famine months. May and June are the feast months, and every other month is either a feast or a famine. Now, the dealer has always been obliged to provide for himself in June such a quantity as would take care of him in November and December, and take care of the surplus, and until Mr. Pattee's clients will bid for a more equitable production I think he is going to have trouble with his surplus, and if Mr. Pattee is setting up an artificial standard without taking into consideration the peculiarities of the farmer and his cows, there will be trouble.

Chairman ALLEN. The Commission has discussed that a great many times.

Mr. COOK. In some respects Mr. Pattee is right, only if he knows anything about marketing he knows that many of those present patrons taken on after the 30th of November are taken on at a bonus. You know that, do you not?

Mr. PATTEE. I wouldn't like to state that.

Mr. COOK. As a matter of cold fact, when we are stung we will go out and buy milk at any price at which we can get it, temporarily. Those dairies taken on after the 30th of November are taken on temporarily, and in many instances they are paid by the dealers a higher price than their constant year-round producers. That is a condition that obtains in my section, and is in existence there today. Right at the self same station one man will be selling his milk at one price, because the dealer takes his milk 365 days in the year, if he has it,





but if he doesn't have it six or eight weeks, when he is short in the famine season of November and December, the dealer goes up there and goes to the people who have got it and simply contracts to get enough milk to hold his trade, because he is committed to his customers for 365 days in the year, and he gets it from some source, if he can, away back in the hills.

Chairman ALLEN. Are you familiar with the surplus plan under which we are working?

Mr. COOK. Somewhat.

Chairman ALLEN. What suggestion would you have, in line with Mr. Patten's, to put before the Commission as to handling this?

Mr. COOK. I don't know that I would have any suggestion. I am not personally interested either in the producer or the consumer.

Chairman ALLEN. Well, you know that a general working surplus plan is now put into force?

Mr. COOK. I don't know about it intimately, because the Commission did not come into existence until after I got out of the business, and I only have a knowledge in the most general way. I have never discussed it specifically. But I do know about those points -- the point of production, and the fact that the temporary dairy often gets a higher price.

Comm. MORRIS. You don't mean to say that since the Commission came into force some dairies have been getting a higher price than others?

Mr. COOK. Certainly I do.

Comm. MORRIS. Selling to the Boston market?

Mr. COOK. Selling milk which is shipped to the Boston market.

Comm. MORRIS. What evidence have you of that?



Mr. COOK. Well, the known local price. I also know some people who are taking less.

Comm. MORRIS. Can you cite some of those instances, give names?

Mr. COOK. I shouldn't care to do that.

Comm. MORRIS. You know who they are selling to?

Mr. COOK. I don't know that I would care to say that. I am not here to get anybody in trouble.

Comm. MORRIS. I know, but you are trying to give the Commission some information, and the Commission is looking for information.

Mr. COOK. Well, I don't think it is a fair proposition to ask me publicly to say what a friend of mine possibly is doing. There are a great many things that the Commission has not authorized that are being done by both sides.

Chairman ALLEN. In other words, you don't like to give away a good thing like that?

Mr. COOK. Why, it is no good thing to me. But these are conditions that do exist.

Chairman ALLEN. Well, the Commission only establishes a minimum price. The farmer can get a higher price than that established by the Commission. We cannot and don't want to stop that, if he can do it.

Mr. COOK. Well, such a man as I have referred to, taken on temporarily, is merely a surplus man for the dealer. He is likely to be dropped any day.

Mr. ZIMMERMAN. I would like to back up the gentleman's statement. At times one man will be paid a cent or two more, a good man, for milk. I don't know that the Commission has any power over the State of Vermont, whether it has power to take action in regard to a thing like that, but I will tell you





another thing. The only way to get rid of the surplus and reduce the price of milk is to get the people to buy more milk, to consume more milk. That is the right way to do it. Where they are taking a pint, get them to take two; where they are taking a quart, get them to take two. There is the game. If you set the price too high, it causes the consumer to slack off, at the other end. The only way is to find the margin between what you would call the overhead cost, between the price the farmer gets and what the contractor gets, and then place your price accordingly. For instance, if the overhead figure is 3 cents, and the farmer gets 9 cents, 9 and 3 would be 12.

Chairman ALLEN. That is what we are trying to do.

Mr. ZIMMERMAN. Now, the price is 16-1/2 cents. Wouldn't it be better to settle the surplus at about 15 cents, say, in the summer months, and let the consumer get the benefit of it? I haven't the figures so as to know what the contractor makes. I don't know that. But we do know what the cost price of the milk is. That is what we do know for a fact.

Mr. PATTEE. Might I suggest to the Commission, inasmuch as this seems to be rather a startling proposal, that it give some study to the matter, and possibly, before making a decision on it, give a further opportunity to be heard?

Chairman ALLEN. If there is no objection, the suggestion by Mr. Pattee will be taken up by the Executive Committee.

Mr. CUSICK. If that is so, we want to be notified when they take it up. We don't want too many things taken up that we know nothing about.

Comm. MORRIS. If the Chairman does not object, I would like to hear what the arguments are.

Chairman ALLEN. All right, then. It will not be referred to the Executive Committee. We will hear it now.





Mr. CUSICK. Mr. Chairman, you have now in your surplus clause the very provision that he wants. You have threshed out this wild-buying proposition for days and days before you established your surplus clause. At that time you ordered us to give you the number of dairies that we were purchasing from up to a certain time. We were then directed, when we took a new one on, to come to your secretary and give him the reason why. At that time, that was the best way the Commission could find to handle the thing. It is now the best way. If it will help Mr. Pattee or anybody else out, if you want the list of dairies up to January 1st, we can furnish it, and then after January 1st, during the three months ensuing, we can inform you of every dairy we take on. If you direct us not to take it on, we cannot, I suppose. That was your theory of the surplus clause; that was the best remedy you could suggest. It is the only remedy, on account of the business. You have to determine at the time the change is made whether we, in taking that on, are indulging in wild-buying, or are taking it on because we need it.

Chairman ALLEN. Or because you are foolish.

Mr. CUSICK. Or because we are foolish. You have to determine it at that time, and you can then tell us to take it or not, as you like. That is the way you have been handling it under the surplus clause,- and doesn't it provide exactly for what Mr. Pattee wants, except that perhaps he may mean that he wants a new readjustment of dairies up to the present time. He says up to November 30. If you want a readjustment of dairies, let the contractors notify you up to January 1st. That gives them a chance to renew their scale in purchasing for three months, adding to or taking from what they think they will need for the next three months. Then, after January 1st they will



notify you of every new dairy they take on, and if you say all right, we will do so, and if not we will not; that is all.

Comm. MORRIS. There is nothing in Mr. Pattee's proposition that is likely to hurt the dealers any, is there?

Mr. CUSICK. Well, it will hurt the dealers some, Mr.

Morris. They are getting along pretty well in New York. If I understood Mr. Pattee's proposition to this Commission, making a price in connection with which every new dairy becomes practically a surplus dairy despite the contract between the dealer and the dairy, there may be lots of trouble.

Comm. MORRIS. I don't get that point. You might state it again.

Mr. CUSICK. Under Mr. Pattee's theory, every new dairy that comes on will be practically a surplus dairy.

Comm. MURDOCK. Nor unless it really is.

Mr. CUSICK. It can't be otherwise. Every new dairy is a surplus dairy.

Comm. MURDOCK. It can be checked.

Mr. CUSICK. It cannot be checked. Every dairy is so identified with the surplus that it cannot be separated. That is what it would mean, and you would never do it and we would never do it, even if we were ordered to do it, despite our contract with that new dairy. We would pay them what that milk was worth for surplus. I don't think it is practical.

Mr. SEARS. It seems to me that there are two rather strong objections to Mr. Pattee's proposed change. I asked Dr. Gilbert to give me the two prices for October -- the price paid to the farmers less the general surplus deduction, which amounted to \$4.35, at the price paid or the price allowed for the surplus milk, which is \$3.40,- or, in other words, a difference of 95 cents, or nearly 25% difference in price. In other words,





if a dealer took on a new farmer he could only assure him a price of 25% less than the established price, and, of course, no farmer could afford, if the figures that have been put in here by Mr. Pattee for the last few months are anywhere, <sup>near</sup> correct, to continue in the milk business and sell at that price. Therefore, there would inevitably be, as Mr. O'Hare has pointed out, a dropping off in the surplus.

Chairman ALLEN. In other words, you could not go out and make a contract with a dairy and tell a man that all he was going to get for his milk <sup>that was</sup>?

Mr. SEARS. Probably not.

Chairman ALLEN. So, you wouldn't take on the dairy?

Mr. SEARS. Probably not.

Comm. MURDOCK. I understand that Mr. Pattee is basing this upon the fact that there has been an exercise of bad judgment by the dealers in this matter.

Mr. SEARS. I don't know whether that has been formally put up to the Commission, whether there has been any objection made or not.

Comm. MURDOCK. But Mr. Pattee is basing his motion here upon experience, upon unfortunate experience, tending in his mind to show that the Commission has not fulfilled its function very well.

Mr. SEARS. I should say about that, that the Commission was dealing with an exceedingly difficult problem. I know, speaking for the Food Company, that some of its worst difficulties arise in the administration of the surplus plan, although I think it has worked out quite as well as, if not better than, they expected. Some of the difficulties that have arisen were anticipated, but no dealer, I think, is going deliberately to buy more milk than he needs. I mean, there is no correspond-



ing advantage in doing it. He is simply loading himself up with milk he does not need and which he cannot turn over into profit, and there is no money in doing it.

Comm. MORRIS. And there would be a question arise when there was a falling market on cheese and butter, for instance, instead of a rising market, as far as the effect on the producers was concerned.

Mr. SEARS. Well, I had not considered that, but I should think possibly there might be. There is another practical disadvantage, because of which I cannot see how you are going to figure this thing out. You have a fluctuating body of farmers. You start on the 30th of November with a certain number of farmers. That is your fixed point. During the month of December a certain number of those farmers stop, they give up, or for some reason or other they do not appear on the books of the dealer the first day of January, and certain others take their place. Then, certain of those taken on in December are for some reason dropped in January, and so on. In other words, you have a body of farmers that is as shifting as the sands of the sea, except, of course, that a certain residuum remains. The result is that you are going to have, I don't know how many different prices. You have to create different provisions for the original class, those that are in during September, for those that come in during January, and so forth. There has been a great deal of figuring, a great deal of difficult figuring, in the practical working out of the surplus plan. This is simply going to make an added trouble. It may be possible to work it out, but it is going to mean in the end perhaps three or four different prices, and already this Commission has seen the difficulties which have arisen where there have been two prices. It has been a matter of common knowledge that under





the existing surplus plan, where each price is figured for each dealer according to the amount of his individual surplus, where a dealer has a small surplus and is operating in the same territory with a dealer with a large surplus, the farmers dealing with the dealer who has the small surplus get a higher price, with the permission of the Commission. You are going to have the same condition again, and there will be the demands of the farmers taken on later to be paid the full price.

Comm. MORRIS. If the Commission were to continue in existence, wouldn't a better way to control it be for the Commission to say, as I think it has the power to say, that there should be no surplus during the present month? Then the dealers, if they took on extra customers, would do so at their peril all the time.

Mr. SEARS. Well, with reference to that I have the feeling that the more artificial barriers are created around the ordinary operation and development of the business the worse it is, that it is unwise. Of course, the fundamental thing about this price fixing is that it is artificial. At the same time, as much latitude as can possibly be permitted, it seems to me, should be allowed, and where you are going to say that this farmer or that farmer cannot be taken on it seems to me you are travelling into a region that is entirely unexplored and are not going to be perfectly certain as to exactly where you will come out. In other words, you are dealing with economic questions and trying to restrain tendencies that are perfectly natural tendencies, and the outlook will be very uncertain.

Comm. MORRIS. It would be quite likely to raise a storm, wouldn't it, from milk producers throughout New England who do not happen to be in the Boston market at a certain time, to





say that they shall be limited to surplus prices if they seek  
Boston  
the market? Wouldn't that create quite a storm?

Mr. SEARS. I don't know that I could speak on that matter  
from the producers' point of view.

Comm. MORRIS. What would you say about that, Mr. Pattee?

Mr. PATTEE. That is a storm that you are at the very cen-  
ter of, today.

Comm. MORRIS. Except that the storm blows from a different  
direction.

Mr. PATTEE. Let me say that under the present plan the  
thing is unpopular with the farmer, because he sees all around  
him dairies taken on. I say, "all around him". It is diffi-  
cult to run down all these things, but it is repeated to me  
from every direction that I go that dealers are taking on new  
dairies constantly, and the objection that the new dairies are  
simply added to surplus is what I am trying to overcome in this  
suggestion. Let me say to you that every dairy taken on, or  
that has been taken on since the first of last May, has neces-  
sarily been taken on at an uncertain and unnamed price. It has  
been a surplus dairy. The objection that you cannot name a

price to a new dairy applies no more to this proposition  
than to all dairies under the former proposition, and will con-  
tinue to apply until all dairies are charged with the surplus  
that they themselves create. It seems to me, as I suggested  
a moment ago, like a man taking down a load of produce to the  
market that the dealer does not want and does not need. He may  
say to the man, "I will get you what I can for it and return  
you that much." I think you will find, if you study this  
carefully and analyze it, that it will work out automatically,  
that it will not affect the dealers' income, profits or business  
in the least, but will simply tend to locate the loss through



surplus on those dairies who create that surplus.

Comm. BIRD. Who is to determine under your plan the dairies not necessary to the conduct of the business?

Mr. PATTEE. The returns of the dealer himself will show what volume of milk is necessary, and if the dairies he has produce a volume of milk that is more than necessary, that excess will be charged back to those dairies that he has, but before it is charged back would be taken the milk that he bought of new dairies.

Comm. MURDOCK. How is it to be determined which new dairies create the surplus?

Mr. PATTEE. I think perhaps this proposition does not go sufficiently far, and I have another here, if you please, that I would like to submit later.

Chairman ALLEN. Without consultation with the rest of the Commissioners, I think this is a fairly opportune time to state that I can personally foresee on April 1st a pretty chaotic state of affairs unless some constructive suggestion is put out by this Commission, and, as I have been listening to this discussion, I think we may be stumbling over a very little thing, when I think we should be discussing some larger questions that are coming up before this Commission. I know the Commission all feel that we have spent a good deal of time on this work and that when April 1st comes there will be trouble, unless some constructive work is done, and we may not even be allowed to go to April 1st. So I think we should spend most of our time in discussing what can be done to help the industry when this Commission stops sitting. Therefore, I had hoped you would say, "While the surplus plan has some outs about it, it has been going on for some time and can very well run for three months more, and we want to spend most of our time in arriving







at something constructive. that will be effective for the future." That is the way it appeals to me.

Mr. PATTEE. Let me go on record as saying this: It is exactly in that spirit that I ask your consideration of this amendment to the surplus plan. I take it that the Commission in executing the surplus plan did so with a view to creating a better market system for New England, and, I take it, if imperfections or even possibilities of abuse or imperfection can be shown to this Commission, here and now is the time to try to arrive at a plan that will last after the Commission ceases to exist.

Chairman ALLEN. Can it through any machinery last after April 1st?

Mr. PATTEE. Not in its present form, and it is with a view to remedying it, making it more acceptable, without in any way obviating or affecting the justice, equity or economics of it, that I am asking for this adjustment to be written into it.

Mr. AMBACH. The firm I represent had about 60% surplus in the month of June, and recently, with practically the same number of producers, we have had to get milk outside, buying milk outside of our own producers. We thought a 60% surplus would carry us through the short months, and it didn't. Under Mr. Patten's proposition, we wouldn't have enough milk to carry us through next November. As I understand it, the surplus plan is supposed to carry a dealer through the year, in the short period. He is penalized if he carries more than that, because he cannot carry any surplus for November. It seems to me that covers the point, and it seems to me the whole thing is covered by the present surplus plan. A dealer is not going out to buy wild, when he is penalized if he does so. The name of the new dairy is given to the Commission, and he can be called to



account if he is buying wild. It seems to me a dealer should be able to buy enough to carry him through next November. If he was short this November, presumably, if the business does not decrease, he will be short next November.

Comm. BIRD. Mr. Pattee, let us get back to fundamentals. The reason why the surplus plan was necessary was because the farmers of New England do not and have not produced their milk according to the requirements of the Boston market, but according to their own. The Commission was confronted with the fact that it had to set a price with an unknown surplus always hanging over its head that somebody had to carry, and it was on that account that the Commission set the surplus at a point where it would be passed back to the point where it was created. Naturally, the farmers do not like it. It is not nice to have a charge back and to find that you are not getting as much as you thought you were. But it was created by the farmers, and, while it may be true that some of the dealers may have over-bought somewhere, yet, in studying the figures, it does not seem to me that there has been any particularly wild buying on the part of the dealers. It seems to me that the remedy lies with the farmers themselves, and not the Commission, and that you are trying to apply the remedy to the dealer when the fault really lies with the farmer. If you had produced evidence before the Commission to show that dealers had bought wild and had materially over-bought for their requirements, it seems to me your argument would have more weight; but I do not see that you have produced evidence before the Commission to show that these dealers have bought wild or carried big surpluses in certain months that they did not require. If that is true, they had to buy a whole lot more milk during the months of surplus production to take care of themselves during the months





of least production. Is that the dealers' fault or the farmers' fault?

Mr. PATTEE. I think, Mr. Commissioner, if I understand your proposition correctly,-- you have the returns and we have not, unfortunately,--

Comm. BIRD. They are all accessible to you, Mr. Pattee.

Mr. PATTEE. Yes, but they are not yet available, I understand, for the month of November. It is true that the dealers came before you at the time we proposed that no surplus charge back be allowed for the month of November with strenuous objection and statements that they would suffer under that situation. To a certain extent that answers your question. To what extent it answers it would be disclosed by the records. Now, then, I cannot see that that affects the principle involved, in the least. If the new dairies create a surplus, the old dairies should not be charged with it. If they do not create a surplus nobody would be charged with it, and the old dairies would not suffer. It is the adding of new dairies during any period of the year, thereby creating a surplus at the time when they are added, that is objectionable. When the short season comes, if the production of those new dairies included is only sufficient for the market, there will be no surplus to be charged back to those new dairies. I think it automatically adjusts itself to the proposition; only during the springtime, when there is a flush production, old dairies are not obliged to suffer for a fault that they do not create. If later the new dairy is needed to make up the supply, it automatically disappears under this arrangement for the surplus charge.

Comm. BIRD. Your premise is that the dairies have suffered. My point is that there has been no proof brought before the Commission yet to show that they have suffered.





Mr. PATTEE. Under such circumstances, if there is no suffering, there is no application of this thing. The thing is not in the least objectionable.

Comm. BIRD. Then, it proves that the surplus plan has worked out reasonably well, as far as the application of the surplus is concerned, to those who have brought the surplus about.

Comm. MORRIS. I think, Mr. Pattee, that the complaint of the farmers is more imaginary than real, in this matter. Of course, we can see how the thing would be looked at, as far as the surplus plan is concerned, in a community of farmers. They see one or two farmers perhaps taken on in the neighborhood close by, that they know about, and they see a surplus that comes back, taken out of their milk. They only look at that point, and think that what is going on there is going on all over New England, and perhaps they should not be blamed for thinking that. They think a large number of producers are being taken on when they ought not to be, whereas if they knew the real facts they would see that the changes were unimportant, so to speak.

Mr. PATTEE. Under my proposition, Commissioner, we would simply reassure them against loss by reason of the taking on of new dairies.

Chairman ALLEN. Do you yourself see how that could be worked out, Mr. Pattee?

Mr. PATTEE. With ease.

Chairman ALLEN. Will you show the Commission?

Mr. PATTEE. I think so, if the Commission will kindly read that clause.

Chairman ALLEN. You say, looking at this matter in a practical way, as far as those dairies are concerned, that this



could be worked out very easily.

Comm. MURDOCK. He suggested that he had in mind some further amendment.

Chairman ALLEN. I am speaking of this particular thing that is before us.

Mr. PATTEE. I think it is covered in the second clause of the proposition.

Comm. MURDOCK. Yes, but there is difficulty in determining which of the new dairies are responsible for the surplus, if any there be, and you said you had some amendment to propose to take care of that, as I understood you a moment ago.

Mr. PATTEE. That is another story, which probably would involve more discussion. If this be the time and place to suggest it, I would suggest that the surplus plan be amended further as proposed on this sheet (handing sheet to Commission). I suggest, further, "That the surplus plan be so amended as to provide that the surplus loss be apportioned among dairies in proportion to their increase in production since November 30, 1918."

Chairman ALLEN. Who gets the premium, under that? The fellows whose cows come fresh early in the spring?

Mr. PATTEE. In other words, it is for you gentlemen to fight for a rating system.

Chairman ALLEN. Is this to tell the farmer to breed his cows so that they will not all come in at one time in the year?

Mr. PATTEE. It is what you have been trying to do and what we have been trying to do, what a great many farmers have been trying to do.

Chairman ALLEN. It was our hope that something might be done that would help in that matter.

Mr. PATTEE. I most decidedly think this would help -- that





the surplus plan be so amended as to provide that the surplus loss be apportioned among dairies in proportion to their increase in production since November 30, 1918.

Chairman ALLEN. Well, that would in a way work towards giving a premium to a man who breeds his cows so as to come in more evenly through the year.

Mr. PATTEE. It would mean that the more a man produced as a surplus the larger loss he would bear.

Mr. CUSICK. You would find that you would want five administrators. There is a job for you, Gilbert!

Mr. ZIMMERMAN. And how about creameries using up the surplus? Why isn't this like coal and other commodities? Here is a market short of butter, and you are talking about surplus. I have seen <sup>men</sup> fighting in their homes for butter. You go to the store at times and you can only get half a pound of butter, and here the farmers have <sup>a</sup> surplus, and yet the price of butter is so high that people cannot buy it.

Chairman ALLEN. I do not feel that there should be too much interruption, but that we should stick right to the subject.

Mr. ZIMMERMAN. There are lots of ways to get rid of the surplus.

Chairman ALLEN. Show us.

Mr. ZIMMERMAN. Make butter out of it. That is one way -- and cheese.

Mr. PATTEE. Some years ago the map system was in effect, which more or less located the surplus on the man who made it. I believe the principle of that plan was right, and I believe that a modification or revision of that plan can be made that will work justice to a greater degree than is possible under the present surplus plan. The one great objection to the



surplus plan and the one great discouragement to the very thing you are trying to create and that the market demands, even production, is that under the present surplus plan the man who makes an even production has to bear his part of the surplus charge-back that arises through somebody that does not make an even production. Now, if the Commission will at this its

last sitting revise its plan so as to provide that the surplus loss shall be apportioned among the dairies in proportion to their increase in production ---

Comm. SAWYER. Over what time?

Mr. PATTEE. I have selected as a date your date, and you may change it if you see fit,-- November 30th.

Mr. CUSICK. Since November 30?

Mr. PATTEE. Yes, since November 30. Now, I have been asked by this Commission to suggest constructive ideas, continually. I asked before this Commission that a recess committee be appointed to consider these things. A recess committee was appointed, and, to speak frankly, it was not very much of a success in considering these things. At that time we asked for information relative to sales, and so forth, and got a very small way with it. No such plan, representative of the surplus plan, will be, in my judgment, effective, unless it has the force of the Commission behind it, the strength of the Commission. Otherwise I doubt if you could ever reconcile the parties. But we do ask that you yourselves revise the surplus plan, as suggested here, so as to provide that the surplus loss be apportioned among dairies in proportion to their increase in production since November 30, 1918.

Chairman ALLEN. From the looks of our friends on the opposite side, providing it would be satisfactory from a book-keeping standpoint, I suppose they would approve of it!





Mr. PATTEE. I presume they will approve of it.

Mr. CUSICK. Your map plans are absolutely inconsistent with any such surplus plan.

Chairman ALLEN. You agree to it or not?

Mr. CUSICK. Don't you know that it cannot be made practical?

Chairman ALLEN. I thought you all looked as through you favored it!

Mr. CUSICK. We were looking at your friend, the Administrator! I am very glad, however, that at this late day he comes in and talks now about map plans.

Chairman ALLEN. You don't want to discuss that too much, I hope?

Mr. CUSICK. No, but I was simply drawing to the attention of the Commission the facts in connection with this thing, as regards the map plan and this suggestion. Before any surplus plan was adopted this map plan was submitted to the Commission. It was turned down and you took the surplus plan. It is absolutely inconsistent with the principle of a surplus plan, and you must know it. So this isn't any amendment of a surplus plan.

Chairman ALLEN. Is that your answer?

Mr. CUSICK. Yes, sir.

Comm. O'HARE. What incentive would there be for the public to consume more milk if that plan was in effect?

Mr. PATTEE. (Apparently misunderstanding question.) Every encouragement he now has,-- his profit on his sales, which is all the encouragement he has ever had.

Comm. O'HARE. In certain months of the year he could take on new dairies that he wished, to build up his business, without restriction?





Mr. PATTEE. You refer to the first suggestion?

Comm. O'HARE. Yes.

Mr. PATTEE. There is no restriction on his taking on new dairies whatever, but it does provide that if a surplus arises through taking them on that surplus shall be charged to them and not to the other dairies.

Comm. O'HARE. You think a dealer will take that chance?

Mr. PATTEE. Well, if they needed the milk I should expect that they would take that chance. I don't see that they take any chance, Mr. Commissioner. They are absolutely protected against loss in handling surplus. They are given by you a profit for handling the whole milk. They can take on all New England, as it is now, and spread the loss on the farmers, whether they were necessary to the business of the dealer or not, and under your system of price making you furnish a price, presumably cost plus a profit to the dealer, and protect him against loss in handling the surplus.

Comm. O'HARE. You have heard the statement just made by the auditor of one of the companies, that at a certain period of the year they didn't get enough milk to supply their customers. Now, if he has to take on new dairies to get enough milk to supply his customers, would there be any tendency to do that? If you were in business, what would you do?

Mr. PATTEE. Let me answer that by the experience of that very concern to which you allude. It lost, actually lost producers last year, and the record shows that it has less dairies at the end of the period of which it has a record than it had at the beginning. I say to you that beyond a doubt some part of that loss of dairies is due to the fact that dairies go out of business rather than suffer a surplus loss that they do not themselves create. Under the proposed plan there would



be more incentive to those now in to stay in and there would be no discouragement of those not now in to continue in their present line of business.

Comm. O'HARE. If there is the discouragement which has been intimated, why are you afraid of new dairies coming in?

Mr. PATTEE. Because of further discouragements. You add to the surplus which is to be charged back to the producers already taken on by giving these dealers permission to buy from other dairies and throw the surplus back onto them, and that will mean further discouragements.

Comm. O'HARE. You are afraid of dairies coming in?

Mr. PATTEE. Not at all. But we would like to protect the dairies already in and would like to encourage those in to stay in.

Comm. MURDOCK. It is your contention that the present check on indiscriminate buying on the part of the dealers, imposed by the Commission, is ineffective?

Mr. PATTEE. Inadequate and ineffective.

Chairman ALLAN. Have you brought before the Commission at any time proofs of that, Mr. Pattee? Isn't there a burden on your part to bring proofs that that is not working as it should?

Mr. PATTEE. I would like to call the Chairman's attention to the figures for the month of May with relation to one company. You ask for specific instances.

Chairman ALLAN. You have not brought before the Commission up to this time any general complaint that it was working out unfairly to the farmers, have you?

Mr. PATTEE. No, I have not brought to the Commission any recommendation up to now.

Chairman ALLAN. Then, this is simply a recommendation for the future?





Mr. PATTEE. Based on the experience of the past.

Chairman ALLEN. Can you state in a few words what that experience is that brings you to this suggestion?

Mr. PATTEE. I would call your attention to the profit and loss sheets of one of the parties to this agreement for the month of May. I don't know whether you want me to quote it publicly or not. I would call your attention to the fact that during the month of May the charge-back of surplus loss to the producers furnishing milk to that concern was \$70,880. That is, they received that much less for their milk than they would have received had the whole milk been taken at the whole milk price. At the same time, the profit and loss sheets filed with you by that company showed a net profit to that company of \$64,638.48 for the month of May. During that month that one concern took on 162 dairies and dropped 30. In other words, taking on 130 dairies contributed to a loss, a charge-back on surplus, of \$70,000 odd, while the concern was making \$64,000 odd profit.

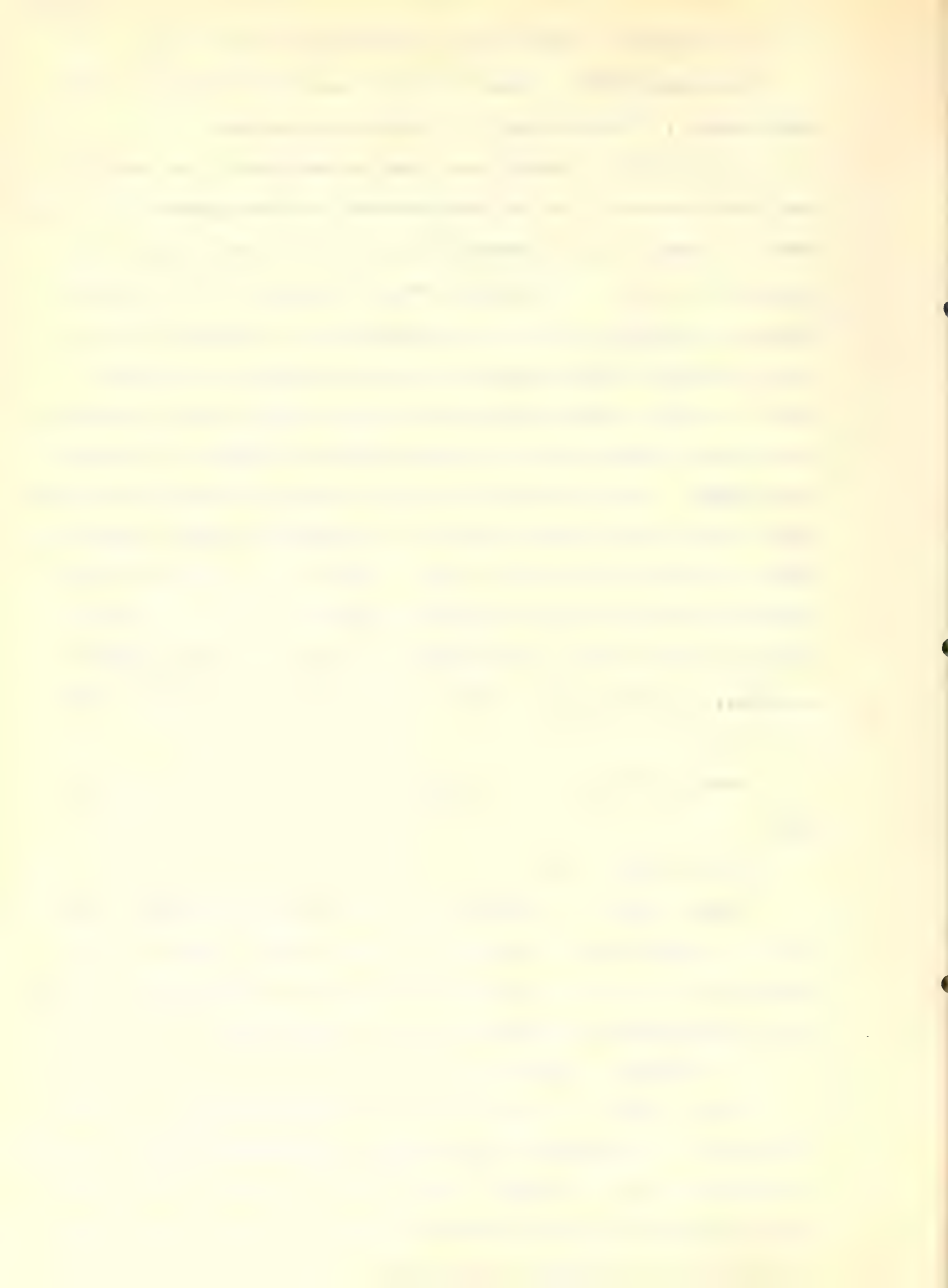
Comm. MORRIS. You have quoted certain figures there for May?

Mr. PATTEE. Yes.

Comm. MORRIS. I suppose you also ought to publicly state that the Commission's duty was to try at that time to over-reimburse the dealers for losses which they had sustained prior to and immediately following January 1st, 1918?

Mr. PATTEE. Yes, sir.

Comm. MORRIS. And that the spring months were the months in which the recoupment was attempted to be made, both to the farmers and to the dealers. So it is hardly fair, is it, to single out one month and publicly state that there was a net profit of so much during that month, when perhaps that particu-



lar concern did not show any profits from January 1st, but, as you know, many other dealers did show a very large loss during the months of January, February and March, over \$6,000 a month, some of them. The Commission has the duty of trying to regulate those prices so as to give everybody a chance to make up what has been lost, to equalize things.

Mr. PATTEE. I understand that it is the duty of the Commission to award such prices to the dealers as will permit them to make a reasonable profit, but I anticipate that it is also the duty of the Commission to require on the part of the dealers a degree of efficiency that ordinary business would require in order to make a profit. Now, then, we are required under the rulings of your Commission to furnish a quantity of milk per cow beyond, far beyond, the capacity of the cows on which the City of Boston depends for its supply. We have never complained publicly, or privately, for that matter, against the ruling of the Commission that prices should be based on a 5000 pounds production. But if all the cows of less than that production were eliminated from the supply, Boston would go mighty hungry for milk. We accept that as a standard of efficiency on which prices should be based. Now, I do not believe it is a legitimate argument for the Commission to maintain that they should establish prices so high that an efficient dealer may make a statement that may not be publicly disclosed in order that some other dealer may recoup himself for losses.

Comm. MORRIS. Well, during the month of January the same dealer that you are referring to shows a profit of very little over \$1,000, as I remember it.

Mr. PATTEE. \$1,500.

Comm. MORRIS. Something like \$1,500, which would be considered a very small percentage of profit, of course. You





wouldn't think it good judgment on the part of the Commission to drive out of business various dealers and throw the whole business into the hands of one or two dealers in the city, would you?

Mr. PATTEE. Well, I do not believe it is of any particular advantage to the market in Boston or to the farmers themselves either for the consumer to be obliged to pay or the producer to be obliged to accept money so big on the one hand or so little on the other that an inefficient dealer can stay in business.

Comm. SAWYER. But yet you want to protect the inefficient farmer?

Mr. PATTEE. I didn't say that.

Comm. SAWYER. That is your inference.

Mr. PATTEE. I say that we have accepted the 5000 pound standard as the standard at the present time on which to base prices.

Mr. CUSICK. As representing the dealers, I want to ask Mr. Pattee whom he calls an inefficient dealer?

Chairman ALLEN. I don't think it is necessary to go into that question.

Mr. CUSICK. But I think we have a right in this hearing, when he makes a statement of that kind, to know to whom he refers as an inefficient dealer.

Chairman ALLEN. I think there is no need of going further into that.

Mr. CUSICK. Well, I know what he means and who he means. I think that sort of stuff has gone on far enough.

Mr. PATTEE. I will submit my rights to the Commission.

Comm. BIRD. Did Mr. Pattee answer the last question asked by the Commission?





Mr. PATTEE. I called your attention to the loss suffered in one month, in the way I have referred to, while the dealer was protected against loss, and called attention to the fact that 132 dairies were added by that dealer in that month. I was asked in regard to specific instances. I said that I did not submit these figures except at the invitation of the Commissioners, and hesitated about going further into the matter, unless it was desired by the Commission that I should do so.

Comm. BIRD. I understand one of your principal objections to the surplus plan is that farmers making a uniform production throughout the year are penalized under the surplus plan. I agree with you that that is pernicious, and the Commission have asked you to make suggestions as to that, as a matter of protection. It does not seem to me as if the plan you have suggested was going to do the thing you contemplate or want to have done. I have a suggestion here, which perhaps may be torn to pieces, but it might offer a solution. Suppose the dealers went over the list of dairies and picked out the dairies that had made a uniform production throughout the year, working under this surplus plan. We have gone along on it for practically a year, so that I think the figures would be available. My percentage quoted here may not be right, but suppose that any dairy whose production does not vary more than 10% from the minimum month shall be classified as a Class A dairy, and shall be relieved from all charge-backs of surplus, under the surplus plan, and shall receive the full price set by the Commission from the dealer, and the surplus milk shall be apportioned over all other producers. Does that cover your point of protecting the man who makes uniform production?

Mr. PATTEE. I see this objection, Mr. Bird, to that plan phrased in that way, that those who have made a uniform pro-



duction might be <sup>in</sup> sufficient to provide the dealer with his whole supply of milk. Your surplus situation is not remedied by even production. Even production would simply distribute the surplus evenly between the months.

Comm. BIRD. It would not be necessary to take on an amount of milk that is not required in certain months to provide for other months when milk was not available, if there was an even supply. A dealer would be able to contract for the amount of milk he wanted from month to month. If he bought too much, that would be his hurt. Today, he does not know what he is getting. That is not the dealer's fault, but the producer's fault.

Mr. PATTEE. Yes.

Comm. BIRD. Your suggestion was that this surplus plan was penalizing the man who made the even production. All right. If the dealer knows he can get from a producer month in and month out so much milk, in that case the producer is protected, the dealer is protected, and the surplus is thrown on those who make it, as it is your contention that it should be.

Mr. PATTEE. I invite your attention to page 2, which I filed, "That the surplus plan be so amended as to provide that the surplus loss be apportioned among dairies in proportion to their increase in production since November 30, 1918."

Comm. BIRD. That does not cover your point, does it?

Mr. PATTEE. The man who made the increase in production under that suggestion would not suffer under the surplus charge-back.

Comm. BIRD. But that does not cover your own objection. The man who makes up his production in surplus months has not helped the thing, at all. The man who makes an even production throughout the year is really accomplishing something to help







the situation.

Mr. PATTEE. Yes.

Comm. BIRD. By saying to a man, "increase production", and then having him get the bulk of the production in May, June and July, you have not helped the thing at all.

Mr. PATTEE. But I have dated this November 30. Of course, I would be willing to submit to any selection of date which the wisdom of the Commission might dictate, but this fixes a period designed to be the last day of the no surplus months, as established so far by you.

Comm. BIRD. Yes, but how have you helped the man who makes the even production, under that?

Mr. COOK. There isn't any such man.

Comm. SAWYER. We have evidence that there are a few.

Mr. PATTEE. If I might be given a chance to answer the Commissioner's question ---

Comm. BIRD. I say, how does this plan of yours covering increased production help the man who makes an even production?

Mr. PATTEE. That it be distributed in proportion to the increase, and if there was no increase in his case he would get no proportion of the surplus charge.

Comm. BIRD. But that does not help the man who makes an even production throughout the year, specifically, as against the man who makes an uneven production.

Mr. PATTEE. Then, your mind and mine are in accord.

Comm. BIRD. They are not, because I don't know what you are trying to get at.

Mr. PATTEE. You and I are trying to get at the same thing, and my proposition is that you write such a thing as I have suggested into the surplus plan, that he who makes the surplus shall bear it.



Comm. BIRD. That is what I have suggested doing, relieving the man who does not make it, entirely. I think I am entirely in accord with your ideas.

Mr. PATTEE. Are in accord with my ideas, may be, but may not be in accord with my language.

Comm. BIRD. Do you think the language as suggested here covers that point, that the man who makes the even production throughout the year is relieved of all surplus charges, to start with? That is the fundamental that you are contending for, isn't it?

Mr. PATTEE. I think not, Mr. Chairman.

Comm. MORRIS. You have got to experiment a year to find out!

Mr. PATTEE. No.

Mr. COOL. Would be worse off in that case, with January and July consumption.

Comm. MURDOCK. What Mr. Bird is driving at is this, that such a plan as he suggests, having even production, would result in having no surplus. He wants a scheme by which men will be encouraged to make even production, and if the production is even there will be no charge-back to a man on surplus.

Mr. PATTEE. Yes.

Comm. MURDOCK. It may be a little too idealistic at this time.

Mr. PATTEE. Well, it puts the penalty of creating the surplus on the man who creates it, that is the purpose which we seek.

Comm. SAWYER. You did not say that, before.

Comm. MURDOCK. Why doesn't Mr. Bird's proposition do that?

Mr. PATTEE. If it does, well and good; we will accept it.





Comm. BIRD. Is there any objection on the part of the dealers to that clause? What do you have to say, Mr. Cusick?

Mr. CUSICK. All I can say is, as Mr. Whiting has just suggested, that perhaps if you have a recess committee on this thing your committee might be able to thresh it out. But it is a pretty broad question to consider offhand.

Comm. BIRD. You have no objection to putting the surplus on the man who creates it?

Mr. CUSICK. Absolutely none, if you can do it.

Comm. BIRD. And there would be no objection to classifying the dairies according to those making even production throughout the year?

Mr. CUSICK. Well, if I understand your proposition, it would mean separating the men who make the even production from the others. That would mean practically each month?

Comm. BIRD. For the year.

Mr. CUSICK. Well, starting the first month, you have your production, and get your figures, and go on. But the producer has not yet established an even production.

Comm. BIRD. Well, go back over your past year and take the dairies which have not varied 10% and pay them the full price right along.

Mr. CUSICK. And then take all the surplus and charge it off among the other fellows?

Comm. BIRD. Yes.

Mr. CUSICK. Certainly, there is no objection to that.

Comm. SAWYER. How many of those would you have, at first?

Mr. WHITING. Fifteen per cent.

Mr. CUSICK. No, you won't have 15%,- not 5%.

Comm. BIRD. I am not talking about percentage, but about the principle of the thing.



Mr. CUSICK. The principle is the only scientific principle to buy milk on.

Comm. BIRD. Then, you accept it?

Mr. CUSICK. Accept the principle, sure.

Comm. BIRD. Working the thing out might be a subject for discussion, but the principle is accepted.

Mr. CUSICK. The principle of the surplus going onto the fellow who makes the surplus.

Comm. BIRD. You accept it, then?

Mr. CUSICK. Sure.

Comm. BIRD. How about you, Mr. Sears?

Mr. SEARS. My clients say that is similar to the map plan. The map plan theoretically was a very fine one, but the practical working out of the map plan resulted in the unprecedented milk strike of 1910. So they feel that, although schemes of that kind may be capable of successful practical working out, they would not want to commit themselves in any way in advance, because it raises the question about two prices, whether you can have two prices without having trouble. That is very serious as a practical question -- two prices at the same station.

Comm. BIRD. But you accept the principle that the surplus should be placed on those who produce it?

Mr. SEARS. If it can be practically worked out, yes.

Comm. BIRD. Then, you do accept the principle of it?

Mr. SEARS. The principle of it is sound.

Mr. CUSICK. Sure.

Comm. MURDOCK. We all agree on a just peace!

Mr. CUSICK. Sure.

Mr. BROWN. Just what do you mean by "even production"?

Comm. BIRD. Production that does not vary beyond a certain percentage in the maximum and minimum months.





Comm. SAWYER. I would like to ask Mr. Cusick a question, for information. Wasn't the trouble with the map plan that it was an agreement between the dealers and producers and that there was supposed to be no third party, unbiased, to control it, no arbitration committee to handle it?

Mr. CUSICK. I don't think that was it, from my memory of it. I think that plan was suggested by some farmer very much interested in this even production proposition. It was worked out between the farmers and dealers. It was not my knowledge -- and I knew something about the strike of 1910 -- that the map plan had anything to do with that. I know the reason why the map plan was stopped by some of our companies was because the United States Government said it was a very significant piece of evidence that we had combined to make prices. It was the principal piece of evidence they had in the indictment brought against us in the United States Court. Therefore, the thing was stopped.

Comm. SAWYER. It was no fault of the map plan itself?

Mr. CUSICK. No.

Mr. SEARS. Mr. Hood says that there was great difficulty with the practical operation of the map plan, in that it made two prices at the same station.

Comm. SAWYER. No provision for arbitrating matters, was there, either?

Mr. CUSICK. I don't think there was. It made a different price to every dealer. The dealer, if he kept within a certain production when milk was short, got a certain price, and in times of over-production, when there was a flood of milk, he got so much less. It was made plain in a written contract, and I think they all understood it.

Comm. BIRD. Might have five prices at one station under



the map plan?

Mr. CUSICK. Might have been a different price to every farmer, for that matter. It was built for that. It was a straight contract for everybody. If one producer, along those lines of even production, succeeded within the percentage allowed for over production, he got the flat price. If he made more milk than that when the milk was short here in Boston, he got an increased price for his milk. On the other hand, if he made more milk when the market was flooded, he got a decreased price for it.

Comm. SAWYER. I get you.

Chairman ALLEN. Well, we will take the matter under advisement.

Mr. PATTEE. We understood that the matter of surplus for Decemoer was left over for the Commission at this time. As I have stated before, we have proceeded on the assumption that there was to be no surplus charge-back in December, and have assumed, and we still assume, in the absence of any evidence to the contrary ---

Mr. CUSICK. Mr. Chairman, it is now quarter of five, and I still have the accountants here. They are very busy men, and I am going to ask you again if you cannot send them out to see if they cannot get these cross-figures in condition for tomorrow morning. If we are going into these surplus figures for December at this time, it will take another hour.

Chairman ALLEN. I understand that Mr. Pattee has simply asked for a ruling of the Commission on surplus figures for December.

Mr. PATTEE. We were told that the present prices would continue during the month of December, and assumed that the surplus was a part of the price. If there is a different





understanding, we would like to know it.

Mr. CUSICK. There is a decidedly different understanding. I have papers here to submit to the Commission, your own letters and papers. I haven't them with me now. I did not come here today for that purpose, but I want to submit those. Our understanding is that the regular surplus plan is in effect in December.

Chairman ALLEN. I think that is a matter for the Commission to rule upon.

Mr. CUSICK. I suppose they want to hear our evidence and want to know about the situation before making the ruling?

Chairman ALLEN. We do. I suppose we can leave that for tomorrow morning?

Mr. CUSICK. Yes.

Chairman ALLEN. Now, Mr. Cusick, what is your suggestion in regard to the accountants?

Mr. CUSICK. I find by the cost sheet submitted by the Commissioners' accountant that in some parts it is not quite in accordance with the books. Therefore, without a conference between Mr. Hawkins and his principal and our accountants and our principal, we cannot intelligently discuss certain discrepancies that appear between the two accounts, which should be cleared up so as to make them comparable. My suggestion is that the Commission direct Mr. Hawkins to take them up with Mr. Wellington, the parties being present, and see if these two figures can be made comparable, presenting the results in writing to the Commission in the morning.

Chairman ALLEN. Cannot you state the differences here, now?

Mr. CUSICK. I will suggest that Mr. Wellington state the differences. He is better informed on the matter than I am.



Chairman ALLEN. All right.

STATEMENT BY MR. G. OLIVER WELLINGTON.

Q (By Chairman Allen.) Mr. Wellington, can you state to the Commission in a few words just what these differences are that you say have to be threshed out? A. There are some differences in the dollar and cent figures which we would like to ask questions about, and a few of them are so large that it appeared that the expenses were classified in a somewhat different way. We thought if we could go over the matter with Mr. Hawkins and find out exactly what he put in and how he divided his expenses, it would save time for the Commission, and we could then be sure that we were on the same basis. Then, on the unit sheets, and cost per quart and per pint in the various classifications, the figures as submitted for H. P. Hood & Sons do not follow the form required by the Commission. The difference is not of great importance except that the pints sold wholesale are not shown at all.

Chairman ALLEN. It seems to the Commission that we should adjourn the general session now and go into executive session, continuing the discussion in regard to these figures for a few moments. The meeting, therefore, will adjourn to 10.30 o'clock tomorrow morning, and everybody will retire except the parties in interest here who wish to be heard in regard to these figures. So I will now call an executive session, and the regular meeting will adjourn until 10.30 o'clock tomorrow morning.

(The regular session was adjourned.)









IN EXECUTIVE SESSION.

Comm. BIRD. Mr. Whiting, I understand that your company feels that there is something that you want to get ironed out here, some differences of allocation. Go ahead, Mr. Wellington.

Mr. WELLINGTON. If you refer to the dollars and cents sheet, entitled "Consolidated statement of Whole Milk Operations, Month of September, 1918", I have before me the two sheets.

Comm. BIRD. You are talking of your sheet or of the Hood Company's sheet?

Mr. WELLINGTON. I have both of them before me, for comparison. I think that is probably the best way to bring out the differences. The first item that varies appreciably is the item for ice, which corresponds with the item of refrigeration in city expenses. The cost as shown by the Hood statement is considerably less. I should like to ask Mr. Hawkins if that includes all the costs of ice?

Mr. HAWKINS. Are you speaking of the ice of the country expense or the refrigeration of the city expenses?

Mr. WELLINGTON. Both of them are so far below the other figures that I raise the same question on both. As to the cost of ice under country expense and the cost of refrigeration under the head of city expenses, in both cases the figures of the Hood Company seem rather low, and I wanted to be sure that they classified the items as we did.

Mr. HAWKINS. Under the heading of country expense for ice, they have analyzed something like 150 accounts, representing the expense accounts of country stations.

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Mr. WELLINGTON. I see.

Mr. HAWKINS. And we have taken out from those accounts the charges for ice which are represented. We did not go up to the country stations to see the ice put in.

Mr. WELLINGTON. Neither did we.

Mr. HAWKINS. We assumed that, where there was a charge for ice in the country station, that was the charge for ice.

Mr. WELLINGTON. I see.

Mr. HAWKINS. We have here something like about 175 country stations shown in charges for ice, here. These can be taken off, if necessary.

Mr. WELLINGTON. I don't think it is necessary, unless the Commission desires it.

Mr. HAWKINS. Furthermore, the charge for ice is reduced proportionately, on the basis first between milk and cream volume, and then between quarts of milk at the country station and quarts of milk taken for the purpose of this statement.

Mr. WELLINGTON. The proportion borne by the Boston accounts?

Mr. HAWKINS. Yes. If you would like to know what the total charge for ice is, the total charge for ice in the country is \$2,700, while the proportion which applies to this statement is \$1,290.

Mr. WELLINGTON. In this connection, in comparing these dollar and cent figures, I think we should have an exact figure of the total volume handled by H. P. Hood & Sons. The statement, as requested by the Commission, would show family, wholesale, bottle and can cost per quart of whole milk, and on a separate statement the cost per pint of whole milk, divided between family and wholesale bottle. The statement as pre-

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sented by H. P. Hood & Sons shows only family pints, not wholesale pints.

Mr. HAWKINS. I will admit I was under the impression that only family pints were desired. The cost of wholesale pints would be the same down to the point of delivery, and approximately divided by 2-1/2.

Mr. WELLINGTON. Have you the volume? We are more interested in the volume.

Mr. HAWKINS. I think I have shown it there.

Mr. WELLINGTON. No, you haven't shown the volume.

Mr. HAWKINS. No; I can give that to you, though, I guess. What is the question?

Mr. WELLINGTON. As to the total volume of whole milk sold -- that is, the grand total.

Mr. HAWKINS. Within the Boston district?

Mr. WELLINGTON. Yes.

Mr. HAWKINS. Retail or wholesale?

Mr. WELLINGTON. Everything put together, or figures so that it can be put together.

Mr. HAWKINS. You are considering now modified milk, buttermilk, skim milk,--

Mr. CUSICK. No; fluid whole milk.

Mr. HAWKINS. Well, if you take my figure there and add 175,290 pints, which is the quantity of pints sold wholesale within the Boston district, I guess that is what you want.

Mr. WELLINGTON. Now, what did you do with that 175,000 pints? Did they go into the wholesale quarts, or were they left out entirely?

Mr. HAWKINS. No, sir; left out entirely.

Mr. WELLINGTON. I see.

Mr. HAWKINS. That leaves 37,000 quarts of milk out of





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2,543,000 and some odd.

Comm. BIRD. What difference would that make in those figures?

Mr. HAWKINS. No difference at all.

Mr. CUSICK. You say there would not be any difference in your loss here, taking into consideration that 175,000 pints?

Mr. HAWKINS. If there was a loss.

Mr. CUSICK. There certainly was a loss.

Mr. HAWKINS. You know that. I don't.

Mr. CUSICK. Yes, sir, I know that.

Comm. SAWYER. Mr. Hawkins, was that 175,000 pints, or 175,000 quarts in pints?

Mr. HAWKINS. 175,290 pints, or 87,645 quarts. If it was one mill a quart, it would be about \$87. If you should apportion that mill over two million quarts, I don't know where you would land.

Mr. WELLINGTON. Of course, nobody knows whether the one mill is a correct figure.

Mr. HAWKINS. No, and I don't know even whether it is a gain or a loss.

Mr. WELLINGTON. On this same question of classification, you have a heading "Hotels and Restaurants, Quarts." What does that represent,- the total milk sold hotels and restaurants or the total sold in cans?

Mr. HAWKINS. That represents milk sold in 3-1/2 quart cans.

Mr. WELLINGTON. And "Store Quarts" includes hotels and restaurants?

Mr. HAWKINS. No; quarts of milk sold in bottles.

Mr. WELLINGTON. Whether to store, hotels or anything?

Mr. HAWKINS. Well, let me see. I will answer that in a



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minute. What is the question?

Mr. WELLINGTON. Whether the column headed "Store Quarts" includes all sold to stores?

Mr. HAWKINS. You will have to ask the drivers that, because we classify these quarts under mixed wholesale routes, under pure bottle routes, under mixed family routes, and also some pure family routes. Now, just where they were sold I didn't investigate.

Mr. WELLINGTON. The Commission requested at the last hearing that that classification be, family, wholesale bottle, and cans.

Mr. HAWKINS. Yes. Well, there was no classification of that available, so we undertook to show the cost of bottled milk sold wholesale.

Mr. WELLINGTON. Whether it was to a hotel, a restaurant or a store?

Mr. HAWKINS. I cannot see where that would make very much difference.

Mr. WELLINGTON. I wanted to be sure of the volume.

Mr. HAWKINS. Oh, my volume is all right.

Mr. WELLINGTON. The "Store Quarts" you show as 589,000, under "Store Quarts", and under "Hotels and Restaurants, Quarts", 337,000.

Mr. HAWKINS. That means in cans.

Mr. WELLINGTON. Strictly.

Mr. HAWKINS. And the other means in bottles. If you wanted to get that, you would probably have to have the drivers in here.

Mr. WELLINGTON. Of course, we went to the routes and divided them up.

Mr. HAWKINS. The fellow who sold to hotels wouldn't think

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of selling any milk to a store at all.

Mr. MILLETT. As I understand it, this "Store Quarts" includes all the wholesale bottled milk.

Mr. HAWKINS. Yes.

Mr. MILLETT. And the "Hotels and Restaurants, Quarts", wholesale can milk?

Mr. HAWKINS. Yes.

Mr. WELLINGTON. Well, the meaning is not clear, and I wanted to be sure.

Mr. HAWKINS. Well, we agree on that.

Mr. WELLINGTON. On that question of ice, again, did you take the actual expense for ice for that one month, or was that a proportion? That is, were there any records of the company which showed the exact payments for ice in that particular month, or was that the proportion over a period of months that made a fair charge for that month of September?

Mr. HAWKINS. We took the charges that indicated ice on the books of the company. As I said, we didn't go up to the stations to see that that actual amount of ice was actually put in use.

Mr. WELLINGTON. Would that be the ice purchased in that month, stored and used in later months?

Mr. HAWKINS. It would be the ice used that month, I should say.

Mr. WELLINGTON. Taking the inventory each month?

Mr. HAWKINS. Yes.

Mr. MILLETT. Not the exact ice, but approximately an inventory at the end of each month. That is what it amounts to, in effect.

Mr. WELLINGTON. Taking your figures for ice in the country and refrigeration in the city the figure seems to be a





very low one.

Mr. HAWKINS. What is the question?

Mr. WELLINGTON. Your refrigeration cost is considerably less than that of D. Whiting.

Mr. HAWKINS. Yes.

Mr. WELLINGTON. And I wondered if you had everything in there that belonged there.

Mr. HAWKINS. I had everything that was on the books.

Mr. WELLINGTON. Well, is it a fact that the Hood Company make their own ice, instead of purchasing it?

Mr. HAWKINS. Mr. Millett says no. I am not familiar with that.

Mr. WELLINGTON. That would represent the total purchases of ice?

Mr. MILLETT. Represents all ice used.

Mr. WELLINGTON. I was raising the question, because I could not account for the fact that your ice cost, your refrigeration cost, was less than a quarter of D. Whiting & Sons', according to the consolidated statement, and the Alden figures show about the same proportion as compared with the Whiting figures, the Alden figures for refrigeration, - \$1,220, is compared with your \$1,477, and the volume of Alden Brothers is about one-fifth or sixth.

Comm. SAWYER. I would like to ask right here, referring to the Whittings, do you have artificial refrigeration or do you buy ice?

Mr. CUSICK. We have some artificial, and we buy also.

Comm. SAWYER. How is it with the Hoods?

Mr. MILLETT. We have some artificial refrigeration, but there is no way to keep that distinct from our general fuel and power account. It is not a very large sum.

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Comm. SAWYER. You use ice, too?

Mr. MILLETT. Use ice, too.

Mr. CUSICK. This figure of the Woods for ice is about one-fifth of ours, and about one-fifth, for the volume, of Aldens'.

Comm. SWAYER. I understand.

Mr. WELLINGTON. Where would that item for the extra cost of fuel or power that you would have, appear? If it does not appear in the refrigeration, it must have cost the company something to cool that milk, and under what item would it come, if not under "Refrigeration"?

Mr. MILLETT. Under heat, light and power,- couldn't be anywhere else.

Mr. WELLINGTON. That is, in that same city expenses classification, heat, light and power?

Mr. MILLETT. Yes.

Comm. SAWYER. Mr. Wellington, take sheet 8 of D. Whiting, the last column, under "Cans", that figure 525,048 is quarts?

Mr. WELLINGTON. Yes.

Comm. SAWYER. Not cans?

Mr. WELLINGTON. Quarts, delivered in cans.

Comm. SAWYER. Yes, that is as I understood it.

Mr. HAWKINS. That is all right.

Mr. WELLINGTON. Is that ice bought in Boston or in the country?

Mr. HAWKINS. Mr. Millett can answer that. I don't buy the ice.

Mr. MILLETT. Some bought in the country and some shipped in to us.

Mr. WELLINGTON. I suppose you contract ahead, don't buy





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from day to day, but contract ahead?

Mr. HAWKINS. I don't know how they do buy it.

Mr. WELLINGTON. If you contract for a year's supply in the country and it comes down piecemeal, there is a shrinkage between what you buy and what you finally get, and I wanted to know whether this month had its proper proportion.

Mr. MILLETT. It is all apportioned, the proper percentage.

Mr. WELLINGTON. Because the amount purchased by Alder Brothers is almost as much as your figure, and your volume is five times as much.

Mr. MILLETT. I won't attempt to say in regard to that, because I don't know.

Mr. WELLINGTON. I just wanted to have the figures arranged for purposes of comparison in the same way, so that they could be compared. The next question is the cost of cans and stopples. The item is \$1,003, under the heading of "Country Expense."

Mr. HAWKINS. What do you want to know about it?

Mr. WELLINGTON. What kind of items went in, -- the cost of cans purchased during the month, repairs of cans?

Mr. HAWKINS. I think it is the depreciation on the cans.

Mr. WELLINGTON. But all depreciation was supposed to be down under "Fixed Charges."

Mr. HAWKINS. We didn't put the depreciation on cans there when we had a special classification for it, I think.

Commissioner SAWYER. I would like to be sure of the matter. I believe we are now talking of cans and





stopples, and I see that there is also an item for cans and stopples under "Delivery Expense." Now, you would have some repairs?

Mr. HAWKINS. Yes, tinsmith charge. That is here.

Comm. SAWYER. What does everything but depreciation amount to? -- That is, if you have it, approximately?

Mr. HAWKINS. \$152.56, charge for fixing the cans in the country.

Mr. WELLINGTON. And the balance is depreciation?

Mr. CUSICK. And ours, \$23.96.

Mr. WELLINGTON. Your cans and stopples, country expense, less depreciation, is \$152.56.

Mr. HAWKINS. That is not the total. I took the total can charge, apportioned. I took the total can charge.

Mr. WELLINGTON. The depreciation should have been down in the bottom figure, in the "Fixed Charges."

Mr. HAWKINS. If that is so, and I believe it is, then I did not understand this particular classification correctly.

Comm. SAWYER. Let me ask you, Mr. Hawkins, to clear this up. Your cans and stopples figure is \$1,066.24.

Mr. HAWKINS. In the country.

Comm. SAWYER. That is right, isn't it?

Mr. HAWKINS. It says here under 103, referring to cans and stopples, that to this account "shall be charged depreciation, repairs and recovery expense on the cans used in the country."

Comm. SAWYER. Just a minute. Answer the question.

Mr. HAWKINS. I don't know whether that is right, Mr. Wellington, but that is what it says.



Comm. SAWYER. Well, just answer my question. That \$1,068.24 covers the depreciation of cans?

Mr. HAWKINS. In the country.

Comm. SAWYER. Now, Mr. Wellington, yours does not cover depreciation?

Mr. WELLINGTON. Yes. I will call your attention to the next statement, which has account numbers on it, and there our cans and stopples item does include depreciation, as it is my understanding that it should. But, at the express request of the Commission, in preparing this dollars and cents statement, we were requested to take out all interest, taxes, insurance and depreciation, and show them at the bottom, and those amounts appear under "Fixed Charges," in statement No. 1.

Mr. HAWKINS. Wasn't that suggestion amended?

Mr. WELLINGTON. There was a statement in the meeting to the effect that I have suggested.

Mr. HAWKINS. This particular paragraph 103 was not amended, though, was it?

Mr. CWSICK. For figuring unit costs that was followed, but this statement No. 1 has always been supposed to show all the fixed charges grouped at the bottom. On our sheet here you will see the items referred to given in the fixed charges at the bottom of the sheet.

Mr. HAWKINS. Yes, but the text of the report does not show that, so I followed the text.

Mr. WELLINGTON. Well, if you can give us either an exact or approximate figure of the amount for cans and stopples, actually spent in the country, we can figure that up.

1. The first part of the paper is devoted to a general

discussion of the problem and the methods used.

2. The second part is devoted to the

description of the experimental results.

3. The third part is devoted to the

discussion of the results and the conclusions.

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discussion of the results and the conclusions.

16. The sixteenth part is devoted to the



Mr. HAWKINS. I wouldn't care to do that, unless I had actually figured them out .

Mr. WELLINGTON. I suppose you would be willing to submit an estimate, an approximation?

Mr. HAWKINS. After I figure it out, I will.

Comm. SAWYER. Let me ask you a question, Mr. Hawkins. If that depreciation had been included, as you say it has, in that item of cans and stopples, it, of course, would not appear again in depreciation at the bottom of the page?

Mr. HAWKINS. No, sir.

Comm. SAWYER. Whereas, if you had not included it, Mr. Wellington, in your "Cans and Stopples" under "Country Expense," it would appear down in your depreciation?

Mr. WELLINGTON. It does so appear.

Comm. SAWYER. It is simply the difference in your way of grouping the figures, and you are trying to show that the book here has not been followed exactly?

Mr. WELLINGTON. Trying to get the two sets of figures on the same basis, that is all.

Mr. HAWKINS. Mr. Wellington is trying to show that I did not get the subsequent instructions. Is that the idea?

Mr. WELLINGTON. No. In the book, of course, the accounts are numbered. No. 103 is what you have referred to already, in explanation; but for the dollars and cents statement the book requires the dollars and cents for depreciation to be all grouped together in one place at the bottom.

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Mr. HAWKINS. Does this book show that?

Mr. WELLINGTON. It is my impression that it does.

Mr. CUSICK. On the blue print, not in the book; but the blue print is part of the book. It says, "103" in the book. That is the unit cost. This \$1,066.24 that you refer to, Mr. Sawyer, is not all depreciation.

Comm. SAWYER. I understand.

Mr. CUSICK. Because \$154 is to be allocated, fixed up with the other.

Mr. WELLINGTON. Just to clear up this question of instructions, for Mr. Hawkins' benefit, Mr. Ambach calls my attention to the fact that there is no definite instruction in this book as to how the statement of whole milk operation should be put together. It was the intention, in the first place, that the fixed charges as shown at the bottom of the original blue print should include all fixed charges. That was taken up before the Commission at the last meeting, and instructions were made definitely in regard to the matter.

Comm. SAWYER. I remember it.

Mr. WELLINGTON. And if Mr. Hawkins did not receive a copy it is unfortunate, because he would easily get confused in that case. I would ask Mr. Hawkins if the other country expense items include depreciation?

Mr. HAWKINS. I think not.

Mr. WELLINGTON. That is the only one?

Mr. HAWKINS. I think so.

Mr. WELLINGTON. Now, the next item is, "City Expense." That comes next under the heading, "Country





Expense," after "Cans and Stopples." We have termed it "City Receiving Expense." That is a figure that is much less than the figure in the Whiting statement. In the Whiting account, the item is called "City Receiving Expense." What items have you included in this item of "City Expense" or "City Receiving Expense," under the heading "Country Expense"?

Mr. HAWKINS. Most of that is trucking, Mr. Wellington, from the railroad in the city to the plant in the city, -- most of it is. You will notice there that I have not included any item for accounting. That item for accounting would represent labor, mostly, which is included in the labor item.

Mr. WELLINGTON. Under what labor item?

Mr. HAWKINS. Under "Country Expense" -- that is, the salaries of the clerks engaged in accounting in the office in the city has been included under labor. That would be practically an accounting expense.

Mr. WELLINGTON. That certainly does not make it clear.

Mr. HAWKINS. I will grant that, but we didn't exactly entirely rewrite these books, as you understand.

Mr. WELLINGTON. I know, but that should not affect the item, "City Expense."

Mr. HAWKINS. There may be other items along those lines. Most of the city expense is trucking, though. I can tell you that.

Mr. WELLINGTON. Does it include any labor?



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Mr. HAWKINS. The labor on trucks, yes, sir.

Mr. WELLINGTON. Does it include any labor at the receiving station itself?

Mr. HAWKINS. No; that receiving station would be included under city expenses, Mr. Wellington.

Mr. WELLINGTON. Should it be?

Mr. HAWKINS. Well, now, I guess probably you can answer that just as well as I can.

Mr. WELLINGTON. Well, we have put in here under "City Expense" the labor, in fact all the cost of getting the milk from the cars to the plant.

Mr. HAWKINS. Would that include depreciation on the city platform, too? Isn't that part of the city expense?

Mr. WELLINGTON. Surely.

Mr. HAWKINS. Why include one, and not the other?

Mr. WELLINGTON. That comes under "Fixed Charges."

Mr. HAWKINS. That receiving platform, as we have it, is a city expense. It includes labor, lighting, power, supplies, miscellaneous items.

Mr. WELLINGTON. Your item for labor under the heading "City Expense" includes all the labor that we would show under the heading of "City Receiving Expense" and also under the heading "Labor." That is, it includes all the labor in Boston or in your city receiving station?

Mr. HAWKINS. Say that again?

Mr. WELLINGTON. Does your labor under the item "City Expense" include all your labor at the receiving station?

The first part of the paper is devoted to a general discussion of the problem of the origin of life. It is shown that the problem is not only a scientific one, but also a philosophical one. The scientific aspect of the problem is concerned with the question of how life arose from non-life. The philosophical aspect is concerned with the question of whether life is a necessary part of the universe or whether it is a mere accident.

The second part of the paper is devoted to a discussion of the various theories of the origin of life. It is shown that there are three main theories: the theory of spontaneous generation, the theory of biogenesis, and the theory of abiogenesis. The theory of spontaneous generation is the oldest and simplest, but it is also the least plausible. The theory of biogenesis is the most plausible, but it is also the most difficult to prove. The theory of abiogenesis is the most recent and most complex, but it is also the most promising.

The third part of the paper is devoted to a discussion of the evidence for the origin of life. It is shown that there is a great deal of evidence in favor of the theory of biogenesis, but there is also some evidence in favor of the theory of abiogenesis. The evidence for the theory of biogenesis is based on the fact that life is everywhere, and it is always found in the same places. The evidence for the theory of abiogenesis is based on the fact that life is not everywhere, and it is not always found in the same places.

The fourth part of the paper is devoted to a discussion of the implications of the origin of life. It is shown that the origin of life has important implications for our understanding of the universe and for our understanding of ourselves. It is also shown that the origin of life has important implications for our understanding of the future of life on Earth.

Mr. HAWKINS. Yes, sir. Under "City Expense" the item of \$1,793.46 would include the proportion of that labor at the receiving platform.

Mr. WELLINGTON. So that there is practically nothing in this item of country expense for city receiving except the trucks and labor on the trucks?

Mr. HAWKINS. Yes, that is about what it is.

Mr. WELLINGTON. Depreciation on those trucks?

Mr. HAWKINS. Yes, sir.

Mr. WELLINGTON. That goes down below.

Mr. HAWKINS. Depreciation is all down below, there.

Mr. SEARS. What items make up your figure of \$5,582.09, under "City Receiving Expense," Mr. Wellington?

Mr. WELLINGTON. That is the trucking, such as Mr. Hawkins included. That also includes the labor of getting the cans off the cars and on to the plant.

Mr. SEARS. You mean, from the trucks into the plant?

Mr. CUSICK. From the trucks into the plant or from the cars into the plant, bringing the empty cans back, tying them up, sending them along, whatever they do. That is the way they tell us to do it, because the next thing starts with processing.

Mr. WELLINGTON. For the item of shrinkage you show a very small amount under the heading of "Country Expense" and a large amount under the heading of "City Expenses."

Mr. HAWKINS. Yes, sir. As I remember my interview with your Mr. Perkins, we knew what our shrinkage account was, and you didn't -- on the basis of one third and two thirds, something like that. We knew what our





exact shrinkage was, and it is included there.

Mr. WELLINGTON. I see. Your inward freight item seems rather small in proportion to the total purchases.

Mr. HAWKINS. That inward freight item includes the freight on the milk which we have charged up here in this report, 2,543,000 quarts, whatever it is. That is not the total freight on our milk, that was paid out, of course.

Mr. WELLINGTON. Does that include any freight on surplus?

Mr. HAWKINS. It includes the freight on all the milk. That figure is derived by taking the freight on all the milk shipped from the country, and taking such proportion of the total freight as the quarts of milk included in this statement bear to the total quarts of milk received in Boston.

Mr. WELLINGTON. I see. That is all right.

Comm. SAWYER. How is yours, Mr. Wellington, -- on the same basis?

Mr. WELLINGTON. Yes, the same basis.

Mr. HAWKINS. I might say, again, that a very fine analysis of that freight is kept by the Hoods, and that they know exactly to a penny just how much it is, and I believe Mr. Perkins had a little difficulty in segregating it in the other case. He apportioned a certain amount for cream.

Mr. PERKINS. Yes.

Mr. HAWKINS. In other words, it was not quite so close as this, especially with the analysis made by the

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Heads in connection with the freight yards.

Mr. PERKINS. Well, the Whiting Company's was all in one account, but there was no difficulty in separating it.

Mr. WELLINGTON. You have an item here of miscellaneous, under the head "City Expenses"?

Mr. HAWKINS. Yes. Would you like to have those?

Mr. WELLINGTON. Yes.

Mr. HAWKINS. That miscellaneous, of course, is a proportion of the total miscellaneous. The total miscellaneous is something like---

Comm. SAWYER. Well, there are only two miscellaneous items.

Mr. HAWKINS. The total miscellaneous would be something like \$2300. This represents a proportion of that total miscellaneous. I can give you the total miscellaneous.

Mr. WELLINGTON. Where does the balance go, under city expenses?

Mr. HAWKINS. It would be chargeable to the milk not included in this statement.

Mr. WELLINGTON. What is the milk that makes such a large proportion of the total? You are putting in here only slightly more than half of the total.

Mr. HAWKINS. Putting in about 14/23ds.

Mr. WELLINGTON. Yes.

Mr. HAWKINS. That is pretty nearly two thirds, isn't it? I can give you the total quarts, if you would like them. There is buttermilk, skim milk,----





Mr. CUSICK. He wants to know where the other milk has gone?

Mr. HAWKINS. Buttermilk, skim milk, certified milk, grade A milk, and so forth. Is that clear?

Mr. WELLINGTON. Yes, that is clear.

Mr. HAWKINS. I can give you the total.

Mr. CUSICK. Outside of fluid milk -- that is what you mean.

Mr. HAWKINS. Yes, -- would include also that 87,000 quarts of pints sold wholesale, which you say there is quite a loss on.

Mr. CUSICK. No, it wouldn't.

Mr. HAWKINS. Yes, it would.

Mr. CUSICK. You haven't enough for that. Let me ask you a question. You talk about pints. How did you get the average selling price of 8.5 cents?

Mr. HAWKINS. From Dr. Gilbert, over the 'phone.

Mr. CUSICK. That is the kind of accounting you have done?

Mr. HAWKINS. Was told to take the price fixed by the Commission.

Mr. CUSICK. And is that what you took?

Mr. HAWKINS. I was told to take the prices fixed by the Commission.

Mr. CUSICK. No one else has done that.

Mr. HAWKINS. That is what I understood the gentleman from Mr. Wellington's office to do.

Mr. CUSICK. This gentleman from Mr. Wellington's office didn't do it, and so I don't know why he should tell





you to do it.

Mr. HAWKINS. I don't, either.

Mr. CUSICK. Quite a proportion of pints are sold with quarts, at the same rate as the quart price, which would be 7-1/2 cents where your quart price is 15 cents. That price is fixed by the Commission. Pints not delivered with quarts are sold at 8.5 cents. The proportion of pints sold for 7.5 cents instead of 8.5 cents is considerable in all the rest of the business, and I assume that it is so with the Hood Company.

Mr. HAWKINS. And you say you know just the income that comes from pints, from your books?

Mr. CUSICK. Yes, sir.

Mr. HAWKINS. I know you don't, because I can tell you that---

Mr. PERKINS. We know what pints are sold at quart price and what at pint price.

Mr. HAWKINS. Well, we were told to get the Commission's price, and called up Dr. Gilbert. Dr. Gilbert will verify that. I think, that I called him up in regard to it.

Mr. CUSICK. Well, there are the two prices on pints. There is the price on pints delivered with quarts at the quart price, 7.5 cents, and the price on pints delivered as pints, 8.5 cents, and if your proportion of the two kinds of business was the same as that of the Hood Company, it would make a loss of substantially a thousand dollars on your 324,000 pints.



Dr. GILBERT. I would say that the Commission had not passed on that officially in September, but it was the price of the dealers at that time.

Mr. CUSICK. It was the price when we took it up at the last hearing.

Comm. SAWYER. Well, we have heard your contention on that. Go ahead.

Mr. CUSICK. I am talking pints, Mr. Hawkins. They made us do it.

Mr. WELLINGTON. Mr. Hawkins, the item under the head of delivery expense, for bottles and cases, what does that include?

Mr. HAWKINS. That includes the jars. The charge for cases is in the depreciation.

Mr. CUSICK. You were asked what items you included for bottles and cases under the head of delivery expense.

Mr. HAWKINS. And I told you.

Mr. CUSICK. No. You told us what was not in there.

Mr. HAWKINS. Well, we took the charges for bottles; total charges for bottles, \$2720.25.

Mr. CUSICK. You mean, you took the bottles purchased?

Mr. HAWKINS. No, the bottles put into use during the month.

Mr. WELLINGTON. Bottles put into service?

Mr. HAWKINS. That might be the way a lawyer would do it, but not an accountant.

Mr. CUSICK. What about the cases?

# THE HISTORY OF THE UNITED STATES

The history of the United States is a story of growth and change. From the first settlers to the present day, the nation has evolved through various stages of development. The early years were marked by exploration and settlement, followed by a period of rapid expansion and industrialization. The American Revolution and the Civil War were pivotal moments in the nation's history, shaping its identity and values.

The American Revolution was a defining moment in the nation's history. It was a struggle for independence from British rule, fought by a group of brave men and women. The war ended in 1783, and the new nation was born. The Constitution was drafted, and the United States became a sovereign state. The Civil War, which lasted from 1861 to 1865, was another pivotal moment. It was a struggle for the preservation of the Union and the abolition of slavery. The war ended in 1865, and the nation was reunited.

The American Civil War was a defining moment in the nation's history. It was a struggle for the preservation of the Union and the abolition of slavery. The war ended in 1865, and the nation was reunited. The Reconstruction era followed, a period of rebuilding and reform. The nation emerged from the war as a more unified and powerful state. The American Civil War was a defining moment in the nation's history. It was a struggle for the preservation of the Union and the abolition of slavery. The war ended in 1865, and the nation was reunited.

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Mr. HAWKINS. The cases are included in depreciation.

Mr. WELLINGTON. You have no charge for cases?

Mr. HAWKINS. Except that shown in depreciation.

Comm. SAWYER. Let me ask you a question, Mr. Wellington. Have you followed the book on that and put in bottles that have been put into use?

Mr. HAWKINS. Bottles put into service.

Comm. SAWYER. Your charge that month is \$8,543, and theirs is \$2,027.64. You put more into use apparently that month than they did -- that is, if both accounts are right.

Mr. CUSICK. Yes, that is it. One of them must be wrong, probably.

Mr. WELLINGTON. I would like to ask a question on the accounting charge under the heading, "Delivery Expense."

Mr. HAWKINS. What do you want to know about that, Mr. Wellington?

Mr. WELLINGTON. Does that include all your accounting for delivery?

Mr. HAWKINS. All the accounting for delivery?

Mr. WELLINGTON. Yes.

Mr. HAWKINS. Now, when you say, "all your accounting for delivery," you mean the time the driver takes to make up his accounts, too?

Mr. WELLINGTON. No.

Comm. SAWYER. It is perfectly plain, here.

Mr. HAWKINS. Well, Mr. Wellington asks the



question, and I want to know just what he means.

Comm. SAWYER. This says, under 307, accounting:

"To this account shall be charged the pay of clerks and bookkeepers engaged directly on routes accounting."

Did you do anything more or less?

Mr. HAWKINS. Yes, sir, it is here.

Comm. SAWYER. Did you do anything different, Mr. Wellington?

Mr. WELLINGTON. No, sir. Then the next item under "Delivery Expense" is the miscellaneous item.

Mr. HAWKINS. Would you like to know all about those?

Mr. WELLINGTON. Yes.

Mr. HAWKINS. That miscellaneous expense includes a portion of your ice on the trucks, on the route wagons, and so forth. You know, the route wagons have to have ice on their wagons to keep the milk cool. I don't know whether you have included that or recognized it.

Mr. WELLINGTON. What else is in there?

Mr. HAWKINS. There is a trucking charge from the plant to the delivery depot.

Mr. WELLINGTON. Shouldn't that be up under the country expense?

Mr. HAWKINS. No, that is a delivery charge.

Mr. WELLINGTON. After it is processed?

Mr. HAWKINS. After it is processed, yes.

Mr. WELLINGTON. I see. Why shouldn't that be under "Teams and Trucks"?

Mr. HAWKINS. Well, teams and trucks are represented by the actual delivery -- that is, after it leaves the

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delivery depot.

Mr. WELLINGTON. I see. What else is in there?

Mr. HAWKINS. Then, there is the matter of general expense. I can get you the general expense there, \$900. Of course, this total here of over \$4,000 represents a proportion of the total miscellaneous. The total miscellaneous is something like \$6,000 odd, whatever it is. I can give you that. I would like to say that we have the detail all here. That general expense of \$924 is represented by the total. charges to each of the eight branches or ten branches. We can refer to each of the sheets here to show you what they represent, if you want.

Mr. WELLINGTON. No.

Mr. HAWKINS. We have the whole thing. I dare say, I feel sure, they can produce vouchers for all of them.

Mr. WELLINGTON. I haven't a doubt of it. Then the next item, Loss from Bad Debts.

Mr. HAWKINS. I would like to say something about that. That doesn't represent the loss from bad debts that they show on their books. There seemed to be, in my estimation, an unusual charge for bad debts during that month. I think it represented something like \$8,000 or \$9,000, and I thought it was out of all proportion, and I took a very much heavier charge than should ordinarily accrue on route sales. I took one per cent. on sales, total sales. That ordinarily should be more than would be charged in. According to the experience I have had, it shouldn't be over a half a per cent.



CONCLUSION

The following conclusions were drawn from the study:

1. The study was conducted in a controlled environment.

2. The results of the study are as follows:

3. The study was limited by the following factors:

4. The study was conducted in a controlled environment.

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22. The study was conducted in a controlled environment.

23. The results of the study are as follows:

24. The study was limited by the following factors:

Comm. SAWYER. In other words, instead of taking what their list of bad debts actually shows, you took something you thought was proper?

Mr. HAWKINS. The loss from bad debts actually charged in September was not the actual loss in September. They had charged in their total account something like \$8,000 or \$9,000 for bad debts. That didn't represent losses in September, but losses that had accrued in prior months, and I went over the book, and the average losses showed about one per cent. So I took one per cent. and charged that. There wouldn't be any equity in charging losses for a <sup>number</sup> of months into one month's cost.

Comm. SAWYER. For how long a period do you take that charge for bad debts?

Mr. HAWKINS. I went over the books for eight months. I went over them casually, didn't figure it out, over seven or eight months.

Comm. SAWYER. And apportioned one seventh or eighth of it?

Mr. HAWKINS. Yes, sir.



Commissioner SAWYER. How did you treat it, Mr. Wellington?

Mr. WELLINGTON. We took what was actually charged off that month..

Commissioner SAWYER. How did it compare with the average amount charged?

Mr. WELLINGTON. It is rather low.

Mr. HAWKINS. What percentage of the sale is that?

Mr. WELLINGTON. Half of one percent, a little less.

Mr. HAWKINS. Well, we charged one percent..

Mr. WELLINGTON. In doing it in that way you made the same probable cuntry charge for family, shore and hotel?

Mr. HAWKINS. Yes, sir..

Mr. WELLINGTON. We showed it as it occurred, and that is the way we understood the Commission wanted it..

Mr. CUSICK. That is what it says..

Commissioner SAWYER. Yes, -"losses from bad debts shall be charged to the several classes of trade as they are incurred." Go ahead..

Mr. HAWKINS. I never saw any record of their company that showed that. I hope you know just what you lose on each class of trade.. That is a very fine piece of analytical work.. I know the Hoods don't know.

Mr. PERKINS. How much they lose on individual customers?

Mr. HAWKINS? No, nor how much is lost on Boylston St. or Washington St..

Commissioner SAWYER. That is aside from the question..

Mr. WELLINGTON. On the per quart of per pint, on the next sheet, Mr. Cusick has taken up the point in regard to the 3.5 cents per pint and 7.5 cents per pint..





Mr. HAWKINS. Yes.

Mr. WELLINGTON. Possibly you or Mr. Millett can tell us what the fair average would be on the 8.5 cents at which pints alone are sold or the 7.5 cents at which pints are sold with quarts..

Mr. HAWKINS. I cannot tell you that.

Mr. MILLETT. And I cannot tell you that. I don't know the proportion of the pints sold with quarts is. We have no record of that..

Commissioner SAWYER. Before we get down to that, I want to ask you questions, both of you. Mr. Wellington, taking your fixed charges, interest on investment, \$7,122.91, that is interest at what rate?

Mr. WELLINGTON.. Six percent..

Commissioner SAWYER.. On what?

Mr. WELLINGTON. On the investment devoted to whole milk.

Commissioner SAWYER. And does it include investment in routes?

Mr. WELLINGTON. Surely.

Commissioner SAWYER.. The whole investment?

Mr. WELLINGTON. The proportional investment devoted to whole milk..

Commissioner SAWYER. Of course, there is a disadvantage, because you are not supposed to know what the other investment is.. Now, Mr. Hawkins, your interest on investment was also on the amount at the rate of six percent?

Mr. HAWKINS. Yes, sir.

Commissioner SAWYER. On the amount invested in whole milk?

Mr. HAWKINS. Yes, sir, except this. I would like to say



this in connection with that. At a very late hour on Saturday, I think it was, or Friday, a gentleman from Mr. Wellington's office called me up and said the interest on investments in the country should be apportioned first between milk and cream, and then the total for milk should be charged to the sales here on the basis that the country was--what was that, Mr. Wellington? That is what I did, anyhow. Let them tell it. They know more about it than I do..

Mr. WELLINGTON. That the country investment was made for the purpose of purchasing milk and cream and that the interest on that investment was a fair charge against the milk and cream delivered, and that the direct country expenses were divided as between the milk that came to Boston and the milk that was used otherwise, but that the fixed charges in the country belonged to the milk that came to Boston.. Is that clear?

Mr. HAWKINS. Whether sold as whole milk or not?

Mr. WELLINGTON. Because the surplus does not recoup the dealers for the interest on their country investment, as the allowances made and deducted from the farmer covers a certain specific deduction, does not cover fixed charges, interest, insurance and depreciation deductions. Therefore, those fixed charges must in total go into the cost of milk sold.. Is that clear?

Commissioner SAWYER.. Well, we have it on the record.

Mr. HAWKINS. I did it the same way, Mr. Sawyer!

Commissioner SAWYER. Now, go ahead. We have that on the record, and I hope we can make it out. Now, you can go on to your pints.

Mr. WELLINGTON. Speaking about family pints, if it were possible it would be interesting





possible it would be interesting to know what the real result of the milk sold in pints is--that is, determine the real average selling prices, as the figures for the Whiting Companies and the Alden Company both show a loss on milk sold in pint bottles for families..

Commissioner SAWYER.. But not wholesale?

Mr. WELLINGTON. Not wholesale.

Mr. Hawkins. What was the loss?

Mr. WELLINGTON. It was .796, almost eight tenths of a cent..

Mr. HAWKINS. That is, eight mills?

Mr. WELLINGTON. Per pint, yes..

Mr. HAWKINS. A loss?

MR..WELLINGTON. Yes. In dividing your processing cost between family, store and cans, you have a slightly higher cost per quart for can.

Mr. HAWKINS. Yes, can.

Mr. WELLINGTON. And ours is considerably less..

Mr. HAWKINS. Well, I tried to get all the information possible. I would like to say in that connection that it says here, where it is impossible or impractical to segregate charges "they should be apportioned and the basis of apportionment indicated." I think I had three or four very interesting sessions with Mr. Perkins on that point, and I tried to apportion that as nearly as possible on the information I got from him. If you would like to know just how I did that, I would be very glad to tell you just what is in there. I will say this, that some of these charges were apportioned on a practical basis. Where a can took the same proportion as a case, of course the can naturally took a proportionately higher charge. That is, of course, you have





eight and one-half quarts in the can and twelve in the case.. That is a figure that interests me. Of course, I know it is absolutely wrong, but that is the basis on which I had to do it.

Mr. WELLINGTON. Now, it is going to be possible for you to give us a detail cost for delivery expenses, except just the one total?

Mr. HAWKINS. I would like to know how you did that, if I can ask you a question on that.

Mr. CUSICK. Sure.

Mr. HAWKINS. That is a very interesting point with me..

Mr. WELLINGTON. Taking the per pint and per quart sheet, under the heading "total delivery expenses," the items are shown in only two groups, the direct charges and the fixed charges.

Commissioner SAWYER. Yes..

Mr. WELLINGTON. You show your dollars and cents, delivery expenses, and you found that it was not possible to divide that dollars and cents?

Mr. HAWKINS. Not on the basis of my apportionment, and I will tell you how I understood Mr. Perkins was going to apportion it, and then how he did it and how we did it.

Mr. WELLINGTON. Go ahead.

Mr. HAWKINS. We found the total units of delivery on each of the five different classes--pure family, mixed family, pure can, pure bottle and mixed bottle, and after we found out the total units which were delivered, both milk and cream,



wholesale and retail, we first took the charge for teams and trucks and apportioned that charge to each of the different classes of routes, on the basis of horse days in the route. That was one of the bases of the distribution in teams and trucks. Then we took the labor charge and apportioned that on the number of routes in each class of delivery, and the rest of it we apportioned on a unit basis, which is the number of units of delivery.

Mr. WELLINGTON. The point basis?

Mr. HASKINS. Yes, the point basis. Now, after we got that we found that there was a certain charge for teams and trucks to pure family, of labor to pure family, of miscellaneous to pure family, for the total units of delivery on each of those classes of routes. When we got the unit cost of delivery per unit of delivery, we took the number of units of delivery in family quarts, for instance, and we took the weighted average cost of those units on the two different classes of routes which delivered them. In other words, of the 1,453,956 quarts delivered there was 747,000 and some odd delivered on mixed family and 706,000 and some odd delivered on pure family, and we took the weighted average unit cost on those two different classes of routes, -- unit of pure milk .034257, mixed family unit cost per pint of delivery, .03492, and the weighted average was .034619. Now, how you are going to take the charge for teams, trucks and bottles here, using that weighted average, is a little problem in mathematics that I didn't go into. Probably you have figured it out.





Mr. PERKINS. We went around the tree the other way, that is all.

Mr. HAWKINS. It would take a tremendous amount of traveling to get the labor charge after getting the weighted average, and it would mean forty-three different classes of products delivered and I don't know how many thousand calculations made to get it exactly as you wanted it on the basis of distribution that Mr. Perkins suggested.

Mr. WELLINGTON. You didn't divide your teams and labor separately, but added teams, labor, bottles and everything together, and divided the total cost on weighted average, rather than taking each item?

Mr. HAWKINS. I took the total cost for each class of route and got the weighted average, -- total unit cost per unit of delivery on each class of route.

Mr. WELLINGTON. Why couldn't you have added all your teams and trucks and all family trade together?

Mr. HAWKINS. We didn't have the cost of all family trade. We apportioned the cost of teams and trucks to each class of route, first. You mean, take the proportion of teams and trucks which would apply to the family trucks, and apply that to each class of product delivered? If that is what you mean, to come at that you understand that you would have to take---

Mr. PERKINS. Not each distinct class of product, but grouping them before you begin that operation. That is the idea.

Comm. SAWYER. How many of these differences have you got to thresh out?

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Mr. WELLINGTON. That ends it, I think. There is the question of the bad debts there to be taken up. That ends the two sheets.

Comm. Is there anything on the other sheet? It is getting late, now.

Mr. WELLINGTON. We are through -- unless you want to ask some questions, Mr. Hawkins.

Mr. HAWKINS. I haven't anything to ask, haven't seen your report.

[The hearing was adjourned to Tuesday, December 31, 1918, at 10.30 o'clock a. m.]

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Room 427, State House, Boston,  
Tuesday, December 31, 1918.

Present: Commissioners Morris, Sawyer, Jordan and Bird.  
Commissioner O'Hare and Chairman Allen arrived during the  
course of the hearing. Commissioner MORRIS presiding.

Commissioner MORRIS, in calling the hearing to order at  
11 a.m., spoke as follows:

Gentlemen, we want to get right down to business and get  
through this hearing, if possible, this morning. Now, perhaps  
many of you saw in the evening and morning papers an item from  
Washington headed, "Trade Competition Resumed January 1: con-  
certed price fixing will be prosecuted." In the absence of  
anything further from Washington we would have probably taken  
our hats and gone home this morning; but we have communicated  
with Washington. They have before them the agreement which  
was entered into in November, and our orders are to fix prices  
in fairness to everybody under that agreement. So that we are  
here for three months. So we are here instead of travelling  
towards home this morning.

Now, last night we were considering the plans of Mr.  
Hawkins, and that of D. Whiting & Sons made up by Scovell  
Wellington & Company. Is there anything further to be said in  
reference to these figures?

Mr. CUSICK. Do you mean, as a final statement?

Comm. MORRIS. As a final statement. Or any criticism,  
any argument of counsel or parties?

Mr. CUSICK. You have not got the Alden figures?

Comm. MORRIS. No; we would like those.

Mr. CUSICK. Mr. Chairman, I am just going to comment for





a moment on the cost account submitted by the Whiting concerns, and the cost account furnished by Mr. Hawkins of the H. P. Hood & Sons concern. In view of the fact that the time is limited on this hearing I am simply going to call your attention to certain abnormal differences which I do not think can be worked out at this time under the present conditions, and in anything I say I do not mean any criticism upon either of the accounts. But I desire to call it to your attention.

Comm. MORRIS. I think the Commission is familiar with the large items of difference here. While I did not hear the discussion yesterday afternoon, I worked with Mr. Sawyer last evening and we went over those. Now, what explanation have you got, without calling attention particularly to the different items? Have you got any explanation? Or, how would you consider the Commission ought to treat those accounts?

Mr. CUSICK. On the latter proposition I desire to be heard,- as to how the Commission should treat those ---

Comm. MORRIS. That is what we want to hear from you.

Mr. CUSICK. I believe that the Commission should, and I request that the Commission request both parties to file the items of the book entries upon which these respective accounts were allocated. Those accounts that I refer to are the following: Referring to the statement of whole milk operations of H. P. Hood & Sons, Distributors, the first page, and also referring to the statement of whole milk operations in the Consolidated Whiting Concern, I request that such data be furnished the Commission in the accounts indicated as City Expense under Country Expense; labor under City Expenses; refrigeration under City Expenses; bottles and cases under Delivery Expenses and accounting under Delivery Expenses, and I believe that that will show the relative bearing of the



depreciation account on the Hawkins Statement of Whole Milk Operations.

Comm. MORRIS. Your first item of City Expense,- you mean, under Country Expense, the \$6,582.09, which you find in D. Whiting & Sons' account?

Mr. CUSICK. Yes.

Comm. MORRIS. And the same, \$1,793.46 in the Hawkins' account?

Mr. CUSICK. Yes.

Comm. MORRIS. That was not discussed yesterday, was it?

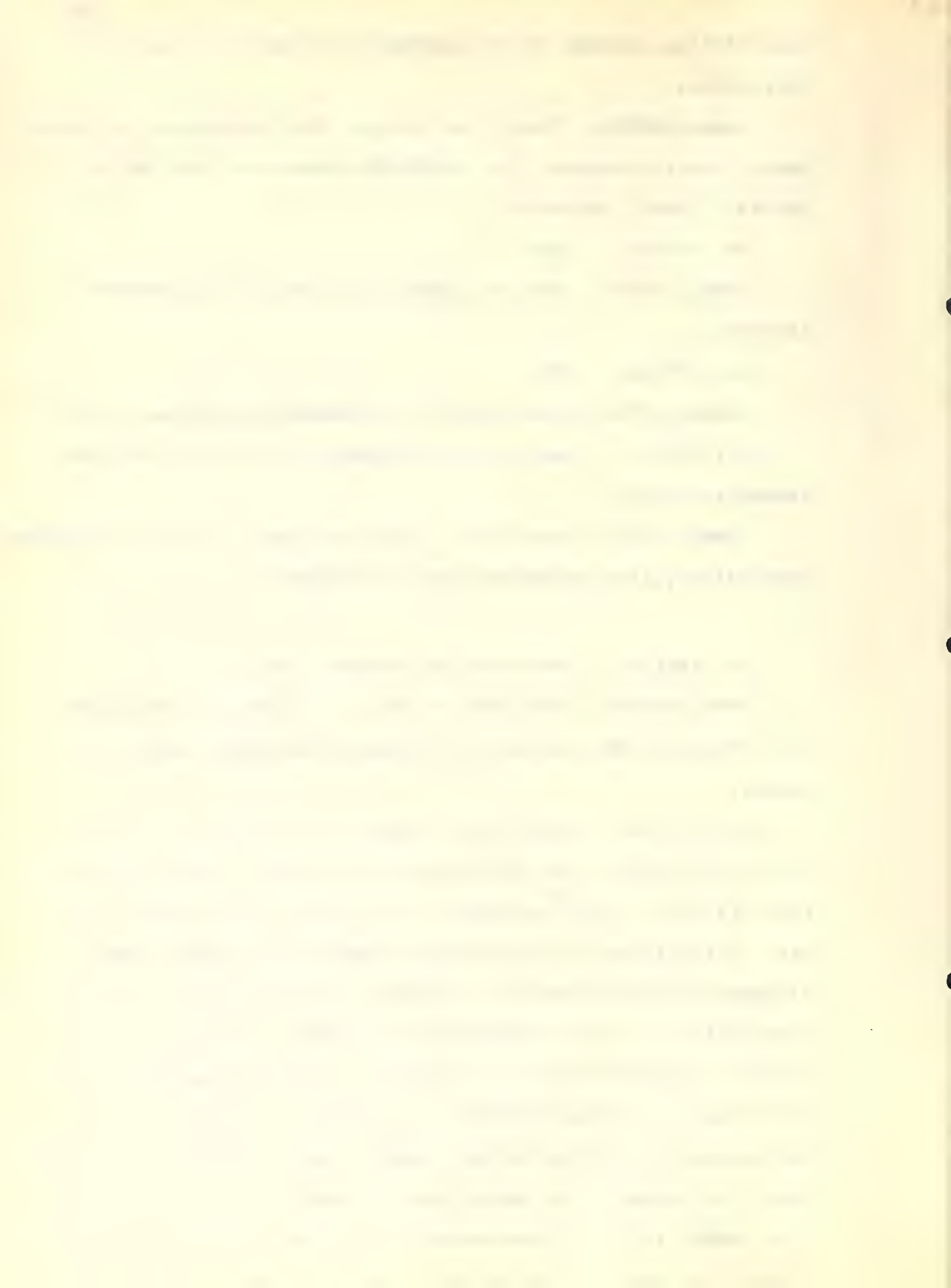
Mr. CUSICK. Yes, it was discussed. That is, it was discussed in a way.

Comm. MORRIS. Well, what about the ice? That was discussed considerably, ice refrigeration, yesterday?

Mr. CUSICK. I have already referred to that.

Comm. MORRIS. You have referred to refrigeration under city expenses, but you did not indicate ice under country expenses.

Mr. CUSICK. Well, if you desire perhaps it would be better to put in ice also under country expenses. The difference <sup>much</sup> there is not of very importance, and that is the reason I did not. But perhaps the two accounts may be connected. Also a statement of miscellaneous expenses. By that I do not mean every detail of that miscellaneous expense; I simply mean the groups of expense that are included in the miscellaneous. You understand one group of \$900 in one element of expense here was composed of 19 different items. Now, I do not care anything about the items. That group is a particular group, so that if they submit it to the Commission as a group it will be sufficient. The only purpose of the thing is to see who is right





and who is wrong. I understand these figures are figures actually taken from the books and are allocated to account for in the whole milk operations, and it may be that allocation that the difference is found. I call your attention again to the statement of whole milk costs, H. P. Hood & Sons, distributors,- what has been referred to as the unit costs on page 2, and call your attention to the average selling price of pints as .085.

Comm. MORRIS. Well, that was pretty carefully explained yesterday.

Mr. CUSICK. Yes; but it will make some difference in the amount of profit and loss if it is a fact that the pints are selling at the loss that the other companies think they are, and if as a fact this calculation cannot be taken as accurate if it is admitted that the average selling price of pints was not .085; therefore, these figures cannot be taken as accurate.

I desire to draw your attention also to this fact,- that the volume of milk on that same page is within 135,000 quarts of the entire volume submitted to the Commission when all business of the H. P. Hood & Sons was concerned at the last time.

Comm. SAWYER. That figure again? 135,000 quarts?

Mr. CUSICK. That is a rough figure, Mr. Sawyer; but if you will take the figure which was offered as the entire business for H. P. Hood & Sons, and then take the volume allocated to purely Boston districts, it does not seem as if there is sufficient difference between those two; but there may be. I do not criticise it, but it is a thing well worth looking into, for this reason,- that if this volume is larger than it should be it makes a difference in the unit costs. And I also direct your attention to the total delivery expense on the same sheet.

Comm. MORRIS. Page 2?

Mr. CUSICK. On page 2. In the sum total of those



various items so submitted instead of the items as required by the book.

Now, in connection with this request, I offer also, for what it may be worth, the combined cost sheets of the Alden Brothers Company for September, October and November -- or, for September, in any event, - the completed sheet for September, for this purpose: that the volume of the Alden Brothers, and especially the refrigeration, rather indicates that possibly there may be some mistake on the Hood sheets on refrigeration, as the dollars and cents charged for refrigeration in the Alden Brothers Company's account, considering the volume -- which is about one-fifth of the Whiting volume -- checks up substantially with our cost. Both of them may be wrong for all I know. We have endeavored in every way possible to try and see if we could ourselves find some explanation of these differences, but the Commission insisted that we go at it the way we did yesterday and we got what we could.

Now, to leave that subject and pass to another subject which we consider of absolute importance, and we endeavored to have the Hood Company carry out the same policy, but I see that it has not been done. You understand you are dealing with September costs. Everybody knows that the costs have been increased since September. It is a matter of record here in regard to labor costs, which became effective after this sheet was made. I think perhaps, if I am not mistaken, there have been two changes in labor costs, on the basis of our September accounts. We have brought down our costs to January of 1919.

On page 4 of the Whiting Company account you will find the consolidated statement of estimated whole milk in quarts for the month of January, based upon September figures and known increases. In other words, the known increases, the actual





increases up to the 25th of December, or the 24th of December, in the various items that are comprehended by this cost accounting of September were actually taken and added to the September figures,- the actual increases in costs. The only difficulty, then, of course, in order to get unit costs, was to get the volume for January, and that, of course, was a difficult thing.

Now, in order to get the most practical thing for the Commission we did this: we took the actual volume of the milk sold for the first 20 days in December, the actual volume sold as family, as store, wholesale and as canned milk, and then we took that actual volume and put it into the 30 days so as to make it comparable with September, because usually the volume figured that way would be as nearly accurate for January as possibly could be had under the circumstances. We found that our family business for the month of December would be substantially 113% of our family business for September. That may be accounted for by the fact that this year in September many people had not returned from their summer residences, and so forth, and perhaps the family trade at that time might have been a little off. That is the way we account for that. We found, however, that our wholesale business was 80% of the business in September. Our canned business was 85% of September.

Comm. MORRIS. The wholesale business dropped off?

Mr. CUSICK. Yes. The wholesale store business is 80% of what it was in September. The reduction in volume in January and February will probably be in the store and canned business. We also found that the canned business was 85% of that,- 15% off. Now, that is substantially as near as can be on the same volume of trade customers that we had in September. That is, the changes one way or the other were infinitesimal.





When this thing was worked out, and the method of working out I communicated with Mr. Gilbert, I asked Mr. Gilbert to communicate with Mr. Hawkins -- Mr. Hawkins may or may not have been in town at the time -- and ask if the Hood Company could do likewise, so that you would have here today for the prices of January, February and March, the very best work that we could do and the best information that you could have as showing the costs of distribution and processing and delivery of milk.

Now, to pass from that ---

Comm. MORRIS. Before you pass from that. This wholesale trade, which you say has dropped off, is due to what? What is the explanation of it?

Mr. CUSICK. I am going to ask Mr. Charles Whiting to make that explanation, Mr. Morris. Because, while I have heard it talked over, I do not think I have been into it sufficiently to express it as my own opinion.

Comm. MORRIS. That trade probably is supplied all the year around,-- resides here. Not the people who go to their summer homes. And is it due to the fact that they use less milk on account of high prices?

Mr. CUSICK. I think there are a number of elements that enter into it. I will speak broadly of the matter, generally. In the first place, the shifting population in Boston. I think that perhaps we would be surprised if we knew the number of visitors that visit Boston, especially during the months of August, September and October. And I think their supply would more generally come from the wholesale and the canned business than it would from the family business. I think that is one item,-- that if we knew just the shifting of the population of Boston it would surprise us considerably. In other words, they



use a lot of milk, and in all human probability that milk comes either from stores or hotels, according to where they are staying.

Comm. MORRIS. But your hotel trade during the month of December probably would be in excess of September. That is, more people visit in the city in the winter time, in December, than in the summer ---

Mr. CUSICK. That is the point; I do not think so. I think your biggest shifting population in Boston is during the months of September and October. That is only my judgment, you know.

Comm. MORRIS. Well, Mr. Whiting may have an explanation.

Mr. CHARLES WHITING. The decline in store trade, in wholesale trade, is due in part to seasonal changes, weather changes. There is always a reduced consumption in cold weather. And then, further, that was accentuated by the increased price of bottled milk. The decline in the sales of canned milk is due to the seasonal weather change, and also due to reduction in Government orders. There has been a marked reduction in the Government demand since the signing of the armistice.

Comm. MORRIS. Is there anyone to speak for Mr. Hood on that point? Do you agree with Mr. Whiting as to the reasons for -- or do you anticipate there will be any reduction in consumption?

Mr. MILLETT. Yes, as a whole, some slight decrease in consumption in January as compared with September.

Comm. MORRIS. Between September and December or January?

Mr. MILLETT. Yes. In a general kind of way there is some falling off on wholesale trade.

Comm. MORRIS. How much of that is due to the prices, in your judgment?





Mr. MILLETT. Well, that is a difficult question to answer, Mr. Commissioner. I am not prepared to say. Of course, I think some of that is due because prices are higher now than they were in September. But broadly speaking there is a little dropping off on the wholesale trade in the month of January, almost invariably. Just how much it will be this year I do not pretend to know.

Comm. MORRIS. Weather conditions will probably affect it? If any great amount of reduction in consumption is due to the prices, it presents rather a difficult problem, doesn't it, for the Commission?

Mr. CUSICK. Yes. It is an unfortunate thing, but you can't help it. I have no doubt that there would be more milk sold if we could sell it at the old price of 8 cents than at 16 cents. But it has been rather remarkable,- I think I can say that our experience has been that the high price has really not affected the volume as much as anybody would reasonably expect it would. That is about true, isn't it?

Mr. CHARLES WHITING. Yes.

Mr. CUSICK. We have looked into that as carefully as we know how, and we have been rather surprised ourselves. I think weather conditions has a great deal more effect on it than the prices have at all times.

Comm. MORRIS. I interrupted you in what you were saying.

Mr. CUSICK. The value of a sheet compiled that way must appeal to the Commissioners. And, furthermore, the force of what I was trying to get at in regard to the few discrepancies,- if those accounts which I have referred to in my first statement were nearly the same,- just those few accounts,- you would have a remarkable consistency in your cost account here; much more so than what we had any reason to expect.



Just to go back for a moment, there is some mistake there, in my judgment, either on our part or on others, either in allocation or something of that kind. And if we had time there is no doubt we could work it out. Why I think that perhaps it is a mistake on the Hood side is, of course, Mr. Hawkins did not have the time to go into the thing that Scovell Wellington & Company did. He had to do it very quickly. And the further thing that the figures on the Alden Brothers Company rather support our contention that we are near right, taking their volume into consideration.

That is all there is to that.

Comm. MORRIS. Have you a copy of those Alden figures?

Mr. CUSICK. Yes, sir, (distributing copies of statement).

Comm. SAWYER. Mr. Cusick, I would like to ask you what your opinion is on the volume of business for February and March as compared with September? You have only given it to us for the decrease in volume on January sales.

Mr. CUSICK. We took it on the nearest month. I will ask Mr. Whiting to state his opinion on that.

Comm. SAWYER. Can you give us that, Mr. Whiting, because we are supposed to fix the prices for three months.

Mr. CHARLES WHITING. I should think with the facts we have, offhand, that the estimate for January would obtain for February and March. Of course, we do not know what prices will be promulgated.

Comm. MORRIS. Well, have you any foresight or prophecy as to the labor question for the next three months? I see by the papers that labor is very plentiful.

Mr. WHITING. I think we have probably reached the height of expense, but I doubt if there will be any decrease effective in the next few months.





Comm. SAWYER. What has been the history of the volume of sales in the past for January, February and March? Do you have that in mind? As compared with September.

Mr. WHITING. My recollection is that it runs along about the same.

Comm. SAWYER. The same as what; September?

Mr. WHITING. January, February and March.

Comm. SAWYER. Would run along the same as September?

Mr. WHITING. No, sir. February and March would run about as January.

Comm. SAWYER. And January lower than September somewhat?

Mr. WHITING. Yes, sir, distinctly.

Comm. SAWYER. That is the past history?

Mr. WHITING. That is always true.

Comm. SAWYER. Would that be your opinion, Mr. Millett?

Mr. MILLETT. I was trying to look back over the years as Mr. Whiting was talking. As a general statement, yes, I think that is all right. I think there may be a very slight increase in February, perhaps. Not very much. February is an expensive month in which to do business. I call your attention to that. It is a short month.

Comm. BIRD. Mr. Whiting, just what are the things which go in to make the increased cost in expense on your estimate here outside of the decrease in volume? What are some of the items that have increased in cost since the summer?

Mr. WHITING. That is, what have increased the January over the September costs?

Comm. BIRD. Yes.

Mr. WHITING. An increase in plant labor, an increase in stable labor, some increase in office labor. Of course there are some seasonal increases; the fuel item is heavier in the





winter. On the other hand, the ice item is less. There are some seasonal changes I don't think of. But those are the principal ones.

Comm. BIRD. How much has your plant labor increased?

Mr. WHITING. The plant labor has increased 10%; stable labor, 25%.

Mr. HAWKINS. May I make a statement?

Comm. MORRIS. Yes.

Mr. HAWKINS. I would like to state something in connection with these reports.

Comm. MORRIS. We will give you a chance later.

Mr. CUSICK. I might say that Mr. Perkins is here now, and if you desire, Mr. Bird, he can go into the detail and tell you how he compiled that January account.

Comm. BIRD. I think you have explained how he compiled it, as far as that is concerned. I just wanted to know what some of the details were that made the increased cost over September. Primarily labor has increased over September. Mr. Millett, do you coincide with that statement of Mr. Whiting as to your labor increase?

Mr. MILLETT. There may have been some labor increases since September, yes.

Comm. BIRD. What would go in to make up the increased cost for you in the month of January over September?

Mr. MILLETT. As I say, I did not get this statement of Mr. Hawkins' until about noontime yesterday, so that I had no chance to make any detailed study along that line, of course. There have been some labor increases along the lines Mr. Whiting mentioned. And we have a heavier bottle expense through breakage in cold weather than we do in warm weather. Just how much heavier that is, of course, depends a good deal upon what the



weather is during the winter months. Then I call your attention to the fact that February is a 28-day month and that the fixed charges figured out on a monthly basis are necessarily higher per day on the 28-day month than on a 30 or 31-day month.

Comm. BIRD. Taken collectively for the three months, how would they figure out?

Mr. MILLETT. I don't know very much about that. I have in mind particularly February. With the hard going that we get more or less in the winter months the time spent is apt to run a little higher. I do not think of anything else particularly at the moment.

Comm. BIRD. On your labor. What labor has advanced with you?

Mr. MILLETT. The plant labor has advanced to some extent.

Comm. BIRD. How much?

Mr. MILLETT. I haven't that in mind; I couldn't say.

Comm. BIRD. Could you give me any idea?

Mr. MILLETT. Since September? Well, I think yesterday I said there may have been a general advance on everything except the drivers, which was effective with September, the last increase. I think it may be as much as 10%.

Comm. BIRD. That includes your plant and your stable both?

Mr. MILLETT. Yes. Practically all the help except the drivers.

Comm. JORDAN. How about the stable labor, Mr. Millett?

Mr. MILLETT. I said, all labor except the drivers. That 10% is rather an offhand statement, you understand. I have not compared it.

Comm. BIRD. Mr. Millett, you concur with Mr. Whiting that there is a decreased volume normally in the months of January, February and March, as compared with September?





Mr. MILLETT. Yes.

Comm. BIRD. And the decreased volume plus these small increases in expense you figure will make an increased cost in those months?

Mr. MILLETT. Yes.

Comm. BIRD. Have you got any figures or anything to show approximately what figure that increase will be over September?

Mr. MILLETT. No; but I said a moment ago I didn't get these figures and have a chance to study them until just about noon yesterday, and I have not had a chance to work that out.

Comm. BIRD. In comparing this sheet of the Whiting Company, sheet 4, with their sheet 1, would you feel that those advances would be equally large with the Hood Company, or not?

Mr. MILLETT. Well, I should think, glancing over it hastily, that he was a little low in his estimate on families, and possibly a little high in his estimated increase on wholesale.

Comm. BIRD. You are talking now of volume or expense?

Mr. MILLETT. Well, I am putting his total figures ---

Comm. BIRD. You think his increase is a little low on family and a little too great on wholesale and store?

Mr. MILLETT. I think that would be our experience, without a chance to study it very carefully.

Comm. BIRD. Well, in applying these increases to your business, if the sum total of these -- see if I can explain what I mean -- how would the sum total increase in cost apply in its division to your company? I mean, if the sum total of these increases amounted to a certain amount of additional expense, how would they apply in your business? You say that one is too high and the other too low.

Mr. MILLETT. I do not believe I could make, without an

Received of the Treasurer of the County of ...  
the sum of ... Dollars ...

For ...

Witness my hand and seal of office ...  
this ... day of ... 1875

Attest ...

...

extended study, a more definite statement than that.

Comm. BIRD. How soon could you give to the Commission a statement as to how much you would feel the increase would be to the Hood Company on these comparative bases?

Mr. MILLETT. Well, anything except a snap judgment would take quite a little study.

Comm. BIRD. The Commission would have to make that judgment for you, I guess, in that case, and possibly their judgment would not be as good as yours.

Mr. MILLETT. I hate to make a statement I can't back up afterwards.

Mr. J. R. WHITING. I think both Mr. Millett and my brother neglected to call attention to the shrinkage in cold weather. That is an item that is considerably more in freezing weather than in the ordinary days.

Comm. BIRD. How much more?

Mr. WHITING. I should estimate it was at least a third; perhaps more than that. You understand that the equipment the railroad companies furnish is not adequate either for proper refrigeration of milk nor to prevent the freezing of milk in cold weather. Last winter we had frozen milk continually. We do not know, of course, what the weather conditions are going to be this winter, but if they are anything like what they were last winter there will be quite a serious shrinkage every week caused by thawing that milk out.

Chairman MORRIS. What do you do with the frozen milk?

Mr. WHITING. Have to thaw it out.

Comm. MORRIS. The added expense comes in the thawing?

Mr. WHITING. Yes. And of course more or less of it will stick to the can. Where it stretches out and takes time, the men are not as careful and some of it goes through the washer





and is wasted.

Comm. BIRD. If that is the case, why didn't you put down the milk shrinkage in your estimated cost for January, as you have for September?

Mr. WHITING. I think you will have to ask my brother why it was not put in. But I think he will agree with me, and that Mr. Millett will agree with me, that that is quite an important item. My brother compiled those figures and perhaps it was an oversight on his part that attention was not called to that when those figures were made up.

(Commissioner O'Hare arrives.)

Mr. CUSICK. Now, Mr. Chairman, I want to turn to the Alden Brothers Company's reports for the months of September, October and November, in conformity with your uniform classification. And for the purposes of the record I want to point out to you that the net loss in September on the fluid milk basis was \$396, which was  $17/100$  of one per cent. less than the 6 per cent investment which you understand is in your uniform classification.

Comm. MORRIS. Just a moment. Will you give me that again? That does not correspond with the figures which I seem to have got somewhere. I have got a gain of \$79.09. Where did I get those figures?

Mr. AMBACK. That is only one sheet. If you have the statement of whole milk operations it will give you the total milk.

Comm. MORRIS. That was the result of the profit and loss sheet which was turned in to us last night, - a gain of \$79.09.

Mr. CUSICK. No, Mr. Chairman, it is important that we should differentiate. The profit and loss sheet which you have been getting has been the profit and loss sheet according to





the books on the whole business. Now, this that I am now re-counting to you is your profit or loss under your uniform classification and pertains solely and entirely to the fluid milk.

Comm. MORRIS. I see.

Mr. CUSICK. In the month of October the account shows \$82.61 gain, or substantially  $1/30$  of one per cent. in excess of the 6 per cent on investment. In the month of November the account shows \$1,791.33, or practically  $3/4$  of one per cent. <sup>on</sup> less, minus, the 6 per cent. investment. Just to glance at his entire November accounting will indicate perhaps one of the questions which is troubling the Commissioner there, and shows where the volume of milk begins to drop.

I am now going to ask Mr. Amback to take his first statement, that of the whole milk operations for September, and refer especially to the item of refrigeration for the bearing it would have on the statement that I have made that the Alden Brothers Company carries out practically our contention about that refrigeration item. And he will explain other things there in connection with the Alden Brothers' sheets, which he thinks require attention, and which he can do better than I could.

#### STATEMENT BY REGINALD AMBACK.

Mr. AMBACK. The item of refrigeration in our sheet headed "Statement of Whole Milk Operations for the Month of September" is \$1,280, as compared with \$6,111 on the whitening sheet. Our volume is approximately one-fifth of whittings' so that those expenses seem to be in about that proportion.

2 (By Mr. Cusick.) Will you tell how you got that account, Mr.



Amback? A. That item of refrigeration is only the cost of the ice f.o.b. our plant. We have no system of refrigeration. We buy all our ice used for refrigeration.

Q Taken from the actual books? A. That item is taken from our books and can be supported by vouchers and entries on the books.

Q Did you allocate that item? A. That item is allocated to milk as against cream, buttermilk and skim, on which the ice is used.

Comm. BIRD. How did you allocate it? On what basis?

Mr. AMBACK. As required in the book.

Mr. CUSICK. He wants to know definitely. Go right into it.

Comm. MORRIS. That calls for a percentage, doesn't it?

Mr. CUSICK. He will do it.

Mr. AMBACK. Refrigeration is under the heading of City Expenses and included in the item "Processing" on the Unit Cost sheet. That was allocated on the following basis: Pints as  $3/4$  of a quart, whether it is cream, buttermilk, skim, or what was in the bottle; and cans on the basis spoken of on page 1, - 1 quart of milk equivalent to  $3-1/2$  quarts of can milk. In other words, I called a quart of cream just the same as a quart of milk, and a quart of buttermilk the same as a quart of milk in applying that basis, as it took as much ice for cream or buttermilk as it would for whole milk.

Comm. MORRIS. You harvest the ice yourself?

Mr. AMBACK. We do not. The ice under the item "refrigeration" to which we are referring was bought as ice and not harvested by ourselves. The ice under country expenses was harvested by ourselves. We do not have enough to ship to the city.

Comm. MORRIS. Let me ask, Mr. Cusick, whether the Whiting Company has their own ice?

Mr. CUSICK. Yes. We do, don't we, Mr. Whiting?





Mr. CHARLES WHITING. Yes.

Mr. CUSICK. I know there are a number of ice houses all over the lot.

Comm. MORRIS. Go ahead.

Q (By Mr. Cusick.) What were you paying for ice in September?

Do you remember?

A (By Mr. Amback.) No, I do not.

Q You can get those figures, can't you, if we want them?

A I can get them if they are wanted.

Mr. CUSICK. To interrupt, Mr. Chairman, I might state for Mr. John K. Whiting that the Brigham Company and the Elm Farm Company buy their city ice. Don't you harvest ice too?

Mr. JOHN K. Whiting. Country.

Mr. CUSICK. Harvest ice in the country but buy city ice.  
D. Whiting & Sons harvest all their ice.

Comm. MORRIS. How did you put that ice into the account here? At the going city prices or what it costs you to harvest it?

Mr. CUSICK. At cost.

Mr. SEARS. I remember at the hearing we had before the Interstate Commerce Commission two years ago the question of cost of icing cars came in, and there were figures shown by the railroad company of the cost of icing cars then. They were icing cars in Massachusetts and dealers were icing outside Massachusetts. Now, the railroad companies' cost of icing, as I recall it, was seven or eight times greater than the dealers' costs.

Comm. MORRIS. I saw that statement made in some report.

Mr. CUSICK. You may proceed, Mr. Amback.

Mr. AMBACK. I would like to call your attention to the fact that our selling cost of pints in September was .06195,



as compared with the Hood cost of .085, and the whitening of .0823.

Q That would make about 4 mills difference based on your ---

A Between 3 and 4 mills per pint difference.

Q Can you tell me from your experience which is the hardest business on bottles and cases, family or store business? I mean, by the "hardest", in which line do you lose the most bottles?

A We use the store bottles, so we actually lose none in the stores on the store bottles, while we lose a great many on the families. But previous to having the store bottles, the store loss was much heavier than the family.

Q I mean, talking about the loss now. Under the present conditions under which you are working, is your loss more in bottles in families or in stores? A. In families.

Q What do you say about the increase or decrease of business in January, February and March? A. If you will notice our November sheets as compared with September, you will notice that our store volume dropped from \$5,000 in September to 77,000 in November; our hotel from 127,000 in September to 121,000 in November. We have been rather surprised at the marked decrease in the store trade. That is partly accounted for by the weather, but we are unable to account for such a marked decrease as we felt along in the month of November. In December our volume of store quarts will probably be even less than November. I have no January sheet, here, but I think our January costs will not be far different from our November, probably slightly higher because the volume will be slightly less, as far as we can see ahead.

Comm. O'HARE. Have you made any inquiries as to the cause of falling off of trade?

Mr. AMBACK. I do not just understand what you mean.





Inquiries of whom?

Comm. O'HARE. Of the store dealers.

Mr. AMBACK. Why, I have not personally, no. As far as I know, they do not know themselves why it is. It is such a very small loss on each store that no one storekeeper would notice any appreciable loss on his own business; but when you distribute it over a number of hundred stores it amounts to a considerable loss.

Comm. BIRD. Mr. Amback, what is it that has increased your costs over September?

Mr. AMBACK. The very items that Mr. Whiting and Mr. Willott have spoken of.

Comm. BIRD. Wait a minute. Do you concur in their statements as to the cause?

Mr. AMBACK. I do. Largely labor; partly decreased volume, as our sheet will show.

Comm. BIRD. How much has labor increased?

Mr. AMBACK. Why, we are under the Union schedule. Our figures are the same as Mr. Whiting's.

Comm. BIRD. There seems to be some difference of opinion between the Whiting Company and the Hood Company as to what that percentage is.

Mr. AMBACK. Well, that is the reason.

Comm. BIRD. What percentage do you make it? About what per cent has that increased?

Mr. AMBACK. You want the percent of increase in the different departments?

Comm. BIRD. Yes.

Mr. AMBACK. Well, offhand I can't give you that; but I do know we are under the Union schedule, and we pay the same prices the Whiting Company does. I could ask Mr. Whiting.



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Comm. BIRD. He has told me. Don't you know what it is?

Mr. AMBACK. I know we are paying the same as the Whiting Company. If you want me to get that from our books I will be glad to do it.

Comm. BIRD. I would just like to get something that would harmonize here between you and the Whiting Company and the Hood Company, if you are all paying the same scale.

Mr. AMBACK. I don't know that we are. The Hood Company does not employ Union men, you know, and do not necessarily pay the same as we do.

Mr. SEARS. The Hood Company pays more, I think, than the Whiting Companies do.

Comm. SAWYER. Mr. Amback, have you your three sheets headed "Statement of Whole Milk Operations" for September, October and November right before you? Can you arrange them in front of you?

Mr. AMBACK. All right, I have them.

Comm. SAWYER. Now, your sales of whole milk for the month of November are \$2,500 more than in September, in round numbers?

Mr. AMBACK. Yes.

Comm. SAWYER. Your expenses for November, \$4,000, practically, more in November than in September.

Mr. AMBACK. That is true.

Comm. SAWYER. Now, isn't your increased loss, then, in November, over your loss in September -- of course, barring interest which you charge off as a part of your expense of doing business -- due to the difference in the cost of whole milk sold? In November 32,400; September 28,000, practically \$4,000. In other words, your whole milk cost you \$4,000 more in November than it did in September.



Mr. AMBACK. It did, but you will recall the price the Commission set for milk was somewhat more. I haven't the figure in mind.

Comm. SAWYER. Well, I was trying to account for that.

Mr. AMBACK. And the selling price was also more, which makes our dollars and cents sales more for November than September, although we sold a great number of quarts less, as is shown by our September statement.

Comm. SAWYER. Well, in November you had no surplus to charge back.

Mr. AMBACK. No.

Comm. SAWYER. And you did charge back in September?

Mr. AMBACK. We did.

Comm. SAWYER. Does that make a part of that difference?

Mr. AMBACK. It does.

Comm. SAWYER. I was trying to account for the variation in here. Although you sold more milk ---

Mr. AMBACK. We did not; excuse me. We sold more milk in dollars and cents, but the volume was considerably less. However, the selling price was more in November than in September, which makes the dollars and cents sales larger.

Comm. MORRIS. I wanted to inquire a little further about this ice question. Do you remember what you had to pay as city prices for ice here in the month of September? How much a hundred?

Mr. CUSICK. You buy by the carload, don't you?

Mr. AMBACK. No. If you want me to get that figure, I had better call up the office. My recollection is \$3.50 a ton f.o.b. the car.

Comm. SAWYER. In Boston?

Mr. AMBACK. In Boston, f.o.b. the car. Not f.o.b. our





plant.

Comm. BIRD. F.O.B. on the cars?

Mr. AMBACK. Yes.

Comm. SAWYER. Who stands the shrinkage; you or the shipper?

Mr. AMBACK. From the car we stand the shrinkage.

Comm. SAWYER. Well, you take the car weights as delivered?

Mr. AMBACK. As loaded onto our truck.

Comm. SAWYER. As loaded onto your truck; so that they stand the shrinkage?

Mr. AMBACK. Yes.

Comm. MORRIS. Now, Mr. Whiting, I understood you cut your own ice.

Mr. CHARLES WHITING. Yes, sir.

Comm. MORRIS. Now, in this account here, how have you treated that?

Mr. WHITING. The ice was put in and charged at the cost of \$1.70 per ton in Boston delivered at the plant.

Comm. MORRIS. That is what it cost you to harvest a ton of ice?

Mr. WHITING. And freight it. Harvest and freight and store and ship.

Comm. MORRIS. Without any profit?

Mr. WHITING. Yes, sir.

Mr. CUSICK. Now, Mr. J. K. Whiting, what do you say?

Mr. J. K. WHITING. I will speak for the Elm Farm and the Brigham Company. The Elm Farm brings its ice on cars, shipped right in from the siding. That costs them about \$2.25 a ton f.o.b. cars. That is the way they get all their ice. The Brigham Company buys ice delivered. Usually it has been delivered by truck, and I think the ice has been --- I think it was \$5.



Now, I think I would like to verify that if you want it accurately.

Comm. MORRIS. From whom do you purchase that ice?

Mr. WHITING. The Fresh Pond Ice Company. That is the ice we use to ice our cases that go out on the teams. Now, we have a refrigeration plant also. We have two refrigerating machines which are used entirely for cooling the milk. But we have to use large quantities of ice, putting crushed ice on the cases that are loaded on the teams. And I think the price was \$3 a ton. That was delivered by the Fresh Pond Ice Company's truck right on our platform.

Comm. MORRIS. Do you purchase any of it from D. Whiting & Sons?

Mr. WHITING. No, sir.

Comm. MORRIS. That is all. Mr. Millett, how do you treat your ice account here? Does the Good Company harvest its own ice?

Mr. MILLETT. We harvest a good deal of our own ice; we have to buy some. I haven't the proportion in mind. I do not think offhand we buy a very large proportion of our ice.

Comm. MORRIS. And in making up this account, how is that ice account treated?

Mr. MILLETT. In our icing charges we took our ice shipped from the country and charged it up.

Comm. MORRIS. At the cost of harvesting and freight added?

Mr. MILLETT. The freight should be added. I am not sure whether it was or not in this case. Of course the ice we bought we charged in for what we paid for it.

Comm. MORRIS. There is no profit on the ice that is shipped from the country charged in?





Mr. MILLETT. No.

Comm. MORRIS. Well, that is the way we get at some of these discrepancies in the accounts.

Comm. BIRD. You say you don't know whether the freight is added in or not?

Mr. MILLETT. No, I do not.

Comm. BIRD. Isn't the freight a part of the cost?

Mr. CUSICK. If he has his working papers here he can tell you.

Comm. MORRIS. Mr. Hawkins would know.

Comm. BIRD. Was the freight added in to the cost of the ice, Mr. Hawkins?

Mr. HAWKINS. I can't say that. I could give you some light on that, in connection with some other casual observations I have made in this connection.

Comm. BIRD. Well, before we get through I would like to know from you or from Mr. Millett whether the freight was added in on that ice, and what it would have amounted to if it was not added in.

Mr. HAWKINS. The chances are it was, Mr. Bird, but I am not prepared to tell you.

Comm. BIRD. I would like to have one of you tell me that.

Mr. SEARS. Mr. Millett, he would like to know that.

Comm. BIRD. Either you or Mr. Hawkins.

Mr. SEARS. Mr. Hawkins prepared these figures.

Comm. BIRD. Mr. Hawkins can give that information, then.

Comm. MORRIS. Mr. Hawkins, you will look that up and see whether that freight is added?

Mr. HAWKINS. Yes, sir, I will look it up.

Comm. BIRD. Mr. Amback, did you have any surplus in November in these figures? Was there any surplus over the 3%?





Mr. AMBACK. We had no surplus in November, as I stated yesterday. We were so short we had to cut our trade.

Comm. BIRD. Any surplus in December?

Mr. AMBACK. We had a considerable surplus in December, increasing every day.

Comm. BIRD. Well, in these figures which you have given to the Commission for December, how have you treated that surplus?

Mr. AMBACK. For November?

Comm. BIRD. For December.

Mr. AMBACK. I have no figures for December.

Mr. CUSICK. On that point, Mr. Bird, I might say that in ours for January we have got your trade surplus, as agreed to by the Committee after the last session. Is there anything further now that you want to say, Mr. Amback?

Mr. AMBACK. No.

Mr. CUSICK. That is all.

Comm. MORRIS. Now, we will hear from Mr. Hawkins.

#### STATEMENT BY MR. HAWKINS.

Mr. HAWKINS. I would like to make a statement for the record, that up to this morning I had not seen this report of D. Whittings', so that I have not been able to give it the same study that D. Whittings have of the report made for food. Casual observation of these two reports, however, indicate, first, that there are 200,000 quarts of milk included in their statement not included in ours. That is represented by the wholesale pints. Further observation indicates that the total expenses included in <sup>the</sup> Whiting statement is \$178,000 -- approximately \$178,000, I will leave off the hundreds and cents -- and in the



Hood statement about \$163,000, making a difference in expense of \$15,000. When I say "expense" I mean the actual cost of distribution after the cost of the milk has been excluded. From the country expenses down. Now, a further analysis of that difference of \$15,000 shows, first, the item of freight is included in the Whiting statement at a figure representing 8.6 mills, and in the Hood statement 7.2, making a difference of 1.4 mills, which on 2,700,000 quarts makes \$3780. That is a part of the \$15,000.

We go along a little farther and we find that the shrinkage in the Whiting statement represents a total amount of \$13,809; while the total shrinkage in the Hood statement only represents \$8,500, or a difference of \$5,260, approximately. I would like to say in connection with the shrinkage that you will note that there is \$4,000 chargeable to the country in the Whiting statement; at the same time, there is only \$600 chargeable to the country in the Hood statement. As stated yesterday afternoon, that \$4,000 chargeable to the country in the Whiting statement is an arbitrary charge based on one-third of the total shrinkage in city and country. I believe the gentleman from the office of the accountants for Whiting stated that it was impossible to say what the shrinkage was, but in conference with the Whiting interests they said one-third should be charged to the country. I do not know how they could get such an exorbitant shrinkage charge there, but evidently it is there. That is \$5,260 difference on 2,700,000 quarts.

Then another small item which is included in the Whiting statement is the legal and professional services, \$1,200, while in the Hood statement it is only \$600. That makes a total excess charge in the Whiting statement over the Hood statement





of freight, shrinkage and legal expense of \$9,600. If we deduct that from the total cost it leaves a net difference of \$6,000, approximately, in the expense of the two companies, not allowing for the 200,000 quarts included in the Whiting statement and not included in the Hood statement.

Now, that is as far as a casual observation will permit me to sum up these two statements. That is not done in a critical way; it is simply to bring out, I hope, the total difference in the two statements.

I would like to say something in connection with this ice problem. That seems to have caused considerable discussion. I found nowhere in the classification of expense of the Whittings any charge for ice under delivery expense. When I say "delivery expense" I mean the charge for ice on the route wagon. We have a considerable charge for ice under miscellaneous expense. Under our miscellaneous expense -- July expense of \$4,367 -- we have a pretty good sized charge for ice.

Comm. SAWYER. Why should not that have been put into ice, then?

Mr. HAWKINS. There is no classification to show where it should be put.

Comm. SAWYER. Why wouldn't it be itemized?

Mr. HAWKINS. I can give you the statement.

Comm. BIRD. If you turn back to the original book of accounting you will see a notation that states that anything that is charged as miscellaneous shall be accompanied by an itemized statement.

Mr. HAWKINS. I would like to say a word, if I may, in that connection. I see no item of miscellaneous expense in this icing statement. Personally I can't understand how a company of that size, or three companies of that size, could



possibly have expenses that would not be included under miscellaneous. Anybody with any accounting sense at all would know that this classification is entirely inadequate, and to not have a classification of miscellaneous expenses is beyond my comprehension. I have had certain experience in that matter. Now, we can give you a statement of the miscellaneous charges included here. That is, we can give you a statement of the total miscellaneous charges, and then this is a proportion based on the proportion of quarts of milk shown in that statement to the total quarts of milk handled in the plant within the city.

Comm. BIRD. How much of that miscellaneous expense you have got there is accounted for by ice?

Mr. HAWKINS. I gave it to you last night; I just forget. I don't know whether it was \$1,100 or \$1,300.

Comm. BIRD. Well, that is a known item of ice, and why can't it be charged in where it belongs?

Mr. HAWKINS. Because the ice on the routes is not the city expense, it is a delivery expense.

Comm. BIRD. Why not put it in as a delivery expense?

Mr. HAWKINS. It is. It is under miscellaneous in my statement, - \$1,900 for ice on the routes. For ice used on the routes -- that is, in the Wood Company.

(Chairman Allen arrives.)

Comm. BIRD. \$1,900, you say?

Mr. HAWKINS. Yes, sir. When I say \$1,900, that is the total charge for ice under total miscellaneous expenses, a proportion of which would only be included in these. We had to apportion these between the milk included in this statement and the total milk handled in the plants or on the routes.

Comm. BIRD. Will you give us an itemized statement of





the miscellaneous expense under country expenses, city expenses, and delivery expenses?

Mr. HAWKINS. We can do that. Let me ask you this for my information: do you want the proportion of each of those miscellaneous expenses that are made up into that total; do you want the total and then show you the proportion as we made it?

Comm. BIRD. Yes. I want the total and then the proportions.

Mr. HAWKINS. All right; we will give you that.

Comm. BIRD. I want to know what comprises this sum.

Mr. HAWKINS. Of \$4,367.94?

Comm. BIRD. Very nearly \$7,000 of miscellaneous expenses.

Mr. HAWKINS. What is that?

Comm. BIRD. I want to know what comprises this virtually \$6,500 or \$7,000 of miscellaneous expenses.

Mr. HAWKINS. Well, we will give you those, Mr. Bird. I would like to ask the question also, if there are any items of miscellaneous expense included -- where are they included? I would like to know. There is a lot of stuff in there. I can't see how the classification as prescribed could be complete enough to take care of all the expense of a milk company of that size.

Mr. CUSICK. We can't help that, Mr. Hawkins.

Mr. HAWKINS. What?

Mr. CUSICK. We can't help your inability to understand.

Mr. HAWKINS. As stated before, I have not seen this statement until this morning. That is all I can say.

Mr. CUSICK. There was one handed to you yesterday. It was handed to Mr. Sears.

Mr. HAWKINS. Well, I tell you I saw it this morning.

Comm. BIRD. Mr. Hawkins, if there is no objection by the Chairman, we want the information in reference to those matters





of miscellaneous -- the lack of miscellaneous items in the Whiting statement. Why don't you ---

Mr. HAWKINS. I would like to get the information. I am not sufficiently familiar with this Whiting statement ---

Comm. BIRD. Well, we are very much interested in trying to find out where the differences come.

Mr. HAWKINS. Well, you might ask the question.

Mr. CUSICK. Mr. Perkins, tell the Commission anything you can about the matter.

Mr. PERKINS. I will be glad to tell anything I can. It is the old case, very academic, it strikes me. When people are careless or do not know where a thing belongs they put it in miscellaneous. The instructions were when we started in here to avoid miscellaneous accounts as much as possible. They are a dumping ground. Put them where they belong. Our object was to avoid miscellaneous accounts.

Comm. BIRD. Do you feel that this accounting as outlined by the Commission is sufficiently comprehensive to cover every account without any miscellaneous account?

Mr. PERKINS. I believe so. I would not say it could not be improved, of course.

Comm. BIRD. Then in allocating some of these things you naturally have been forced to use an arbitrary allocation?

Mr. PERKINS. In a good many cases.

Comm. BIRD. Your judgment as to where they went.

Mr. PERKINS. In a good many cases that is so.

Comm. BIRD. Not based entirely on the fact, but as to your judgment where it should go.

Mr. PERKINS. Some one's judgment, yes.

Comm. MORRIS. You could not make the classification strictly according to our outline, but you had to use your



judgment as to under what item it should be placed?

Mr. PERKINS. Oh, no; I would not like to answer that way, no. We put everything in accordance with the outline from the very best information we could get.

Comm. MORRIS. There might be some differences of opinion as to where a certain item might go?

Mr. PERKINS. That would be probably true.

Comm. BIRD. I can't see how it would be possible to have no miscellaneous accounts at all. If a person arbitrarily allocates some of these things to an account -- personally I have not been able to get along without a miscellaneous account. I try to keep it as low as I possibly can. I think you are perfectly right when you say it is a dumping ground. But the only way I can see how the miscellaneous account could be done away with entirely is by an entirely arbitrary allocation. Now, you have allocated those; as I understand the Hood Company, there are certain things they have not made any effort to allocate. They have simply put them into miscellaneous. Is that it, Mr. Hawkins?

Mr. HAWKINS. I do not think it is fair to say we did not make an effort. They did make an effort. I should say taking that classification of accounts and trying to make up a statement on that basis from the books of the H. P. Hood Company was a <sup>very</sup> trying proposition.

Mr. PERKINS. We will admit that.

Mr. HAWKINS. And particularly when there was no attempt to analyze the accounts for the purposes of this classification. You might ask yourselves how it would be possible on the 30th day of August to take a brand new classification of accounts and apply it to your business on the first of September.





Comm. BIRD. I think the Commission will realize it is a very difficult thing to do.

Mr. HAWKINS. But we did exercise a lot of thought and judgment on the matter, and when I included this item of ice under miscellaneous accounts, you will see -- that is, in the delivery expense -- if you could tell me any place where it would go under delivery expense I would like to know. That is, the ice used on the routes, ice chargeable to the routes. I do not see any account there to which I could charge up ice.

Comm. SAWYER. Where would you put that, Mr. Perkins?

Mr. PERKINS. In plant ice. Most of that ice that goes on the routes is the ice used to pack the cases. Now, it is the old problem of whether the container is selling expense or manufacturing expense. If you pack something in your factory in a box it is usually considered a manufacturing expense; if you pack it in your shipping room in a box to ship it out it is selling expense. Is the icing expense of containers on the wagons a manufacturing expense or a delivery expense? We looked at it as a manufacturing expense, because that is the only place that the accounting appeared to provide for it, and we included it in plant expenses.

Comm. SAWYER. You mean, in city expenses?

Mr. PERKINS. Yes.

Comm. SAWYER. Included in refrigerating expense, putting it in delivery expense?

Mr. PERKINS. Yes.

Comm. MORRIS. I think that fairly well explains the difference in the ice accounts. I wish we could get at some of the other accounts as well as we have the ice account.

Mr. CUSICK. I think, Mr. Chairman, you can if you have a statement made by Mr. Hawkins of the entries and his alloca-



tion of those entires that I asked you. If those statements are allocated and the entries taken from the books, and how he got at it, in my opinion it will show you at once whether there has been any mistake made or not. And that then will bring them very close together. I do not put any stock in this stuff about legal and professional expenses that he put in there. That is a hit.

Comm. MORRIS. Well, I suppose it was put into the costs.

Mr. CUSICK. I would like to ask Mr. Hawkins how he made up that item of legal and professional expense?

Mr. HAWKINS. We got the best judgment of the H. P. Hood Company of the total annual expense for legal and professional services, which is about \$12,000 a year, and we included \$1,000 as our legal expense, \$627 of which is the proportion to allocate to this milk.

Mr. CUSICK. That is, you allocated your legal expenses to buttermilk, cream, and the rest of the business, did you?

Mr. HAWKINS. Absolutely.

Mr. CUSICK. Well, that is not done here. What is their other professional expense? What is there to cover your cases in court, your costs, and so forth? Why didn't you take those in? We had to.

Mr. HAWKINS. I will tell you how we did it.

Mr. CUSICK. That is right there. Where did you put your legal expenses; where did you put your cost of writs, your legal expenses in court, executions, and so forth?

Mr. HAWKINS. I will make the statement again that we took \$12,000 as the average total legal and professional services of the H. P. Hood Company and allocated one-twelfth of that \$12,000 legal and professional services for the entire business, \$627 of which is the part allocated to this milk





included in this statement. That includes all professional and legal expenses.

Comm. MORRIS. That statement is plain to the Commission.

Mr. CUSICK. But this item is legal and professional expense. It includes something else besides services. We have got a number of dollars of accountants in there.

Comm. MORRIS. Do you object because it is so small?

Mr. CUSICK. Yes; I think it ought to be larger; I think it is larger.

Comm. BIRD. Mr. Hawkins, that covers the entire legal expense of the Hood Company, including all court costs and everything that goes into that, besides actual remuneration for attorneys, and so forth -- all expenses?

Mr. HAWKINS. That is the best information we got covering this.

Comm. BIRD. I did not quite understand, Mr. Hawkins, when you spoke of the amount of shrinkage of the Whiting Company. You spoke of an arbitrary allocation to the country expense and to the city expense?

Mr. HAWKINS. Yes, sir.

Comm. BIRD. I was trying to look it up as you spoke and I only made partial notes here. But you say that the material difference between the Hood Company's shrinkage in the country and the Whiting Company's makes a difference in the country, as I understand you, of \$5,260.

Mr. HAWKINS. Difference of total shrinkage.

Comm. BIRD. That is what I wanted to get at. In other words, the Whittings' total shrinkage was \$5,260 greater than the Hood Company's total shrinkage?

Mr. HAWKINS. That is according to those statements.

Mr. CUSICK. Mr. Amback, what do you say about shrinkage?





Mr. AMBACK. I notice the shrinkage on the E. P. Hood & Sons sheets shows a total of approximately 2.7% on country and city added together. Judging from the experience in our business -- the only thing on which I can speak -- our shrinkage averages considerably higher than that. I would like to ask Mr. Millett what he thinks the shrinkage of the E. P. Hood & Sons Company is. Roughly. Do you think it is more or less than 2.7%?

Mr. MILLETT. I do not think it is any more than that.

Mr. AMBACK. Ours has always run more than that.

Mr. CUSICK. It might be interesting to you and I will give you figures of actual shrinkage for 1916, 1917 and 1918. For 1916, on 1,471,653 cans the shrinkage was 4.60%; in 1917, on 1,279,580 cans the shrinkage was 4.10%; and in 1918, ten months, on 1,064,999 cans, the shrinkage was 3.99%. A further analysis of this shrinkage during those three years indicates that of that shrinkage 2.36% was either short weight or unfilled cans. Now, I might say that much of this milk was L.C.I. milk. We have been investigating this thing very carefully.

Comm. MORRIS. Those figures are, by the way, from Whitings' books?

Mr. CUSICK. No; this is from the Elm Farm Milk Company. I had them working on that for some time, and that is actual.

Comm. MORRIS. Well, hasn't this shrinkage due to unfilled cans been eliminated now?

Mr. CUSICK. We are doing some good on it. You see, the last ten months was 3.99 per cent, bringing it down. But you will get shrinkage both in weight and cans yet.

Comm. MORRIS. Well, the first years there you bought by the can, didn't you?

Mr. CUSICK. Oh, no; there has not been much difference



between 1916 and 1917. The reason, on your L.C.L. was because some of the Elm farm milk was bought from C. Brigham Company. All the milk we have traded in is practically L.C.L. shipments.

Comm. MORRIS. Well, hasn't there been a change made within two or three years as to the methods of buying? Formerly a can was a can, whether it was filled clear to the top or not. Now it is done by weight. That would practically eliminate shortage on account of unfilled cans.

Mr. CUSICK. No; there is the handling.

Comm. MORRIS. Well, the handling would be due to the waste in handling and not to the unfilled cans at the farm.

Mr. CUSICK. That is all true; but do not call that waste.

Comm. MORRIS. I am not speaking of waste except as necessary waste.

Mr. CUSICK. It was going on the record. The point is that when we take this milk and put it through our pasteurizers some of that water goes off. Now, we are making quite a considerable study of that to find out how that can be reclaimed. But you are getting into a very nice proposition when you are doing that. We have not reached it yet, but we are going into it. And another thing, Mr. Morris, that is very important is the purchase of bottles. We have been troubled a good deal since the war on that. There is a tolerance allowed,- must necessarily be,- in the manufacture of glass bottles. There is a tolerance allowed in filling these bottles which, when multiplied by the million as they are filled, makes a whole lot of difference in volume. If you happen to get a car load of bottles where the tolerance runs to the maximum, and using these bottles you get just a trifle over your 16 ounces to the quart bottle -- if you were to use it by weight -- now, that is an infinitesimal difference, but if that is multiplied





so often, in the long run it makes the volume that you call shrinkage. And I think that is one of the most important places to look now for shrinkage.

Mr. Hawkins, what is your percentage of country shrinkage?

Mr. HAWKINS. Oh, it is about a third of one per cent, I think; and the city shrinkage is about three per cent, I think.

(Intermission.)

Comm. MORRIS. There are a few things, gentlemen, that are troubling the Commission in the short executive session that we have had the last few minutes. One thing that is troubling the Commission is the question of raising the price of milk to the public at this time beyond the present prices, and its general effect upon the business,-- whether or not it is not better both for the producers and for the distributors to take some loss, if they have to, during these three months, with a recoupment later on, than to try to increase the price of milk to the public at this time and suffer the consequent effects upon the general business. Now, I think that question is a real problem -- at least the Commission seems to think so. Of course your figures, both Mr. Patten's and the dealers', would indicate that the Commission had got to increase the price of milk for the next three months here, if we take the figures absolutely as they have been presented to the Commission. In going over our figures last January we had a spread of 6 cents-- the dealers did -- on family milk. There is now a spread of  $6\text{-}\frac{3}{4}$ . That makes an increase of about 12% on the cost of distribution. Whether or not the cost of distribution has increased more than 12% during the year is something for us to think of. In addition to that, a year ago you were carrying the surplus -- to be sure, the figures showed a loss. So that this year if the surplus plan is in operation during the three



months you would be relieved of the surplus, in addition to getting about 12% increase in the spread: So that your increase would be considerably more than 12%, probably, on the entire spread.

These matters I speak of at this time as being some of the problems that are troubling the Commission. And in reference to Mr. Pattee's plan of modification of the surplus plan, one question that troubles us is whether or not, with the life of the Commission limited as it is, it is best to try to make changes at this time that to our mind present problems of vast difficulty in working out, - problems that will take some time for the Commission to work out. Whether or not the dealers and the producers might not work that problem out among themselves rather than to leave it to the Commission to try to deal with in the very short time that we have left in which to deal with it. I think the Commission feels as a whole, without stating any ruling whatever, or expressing any opinions except perhaps individual opinions, that there is a real problem in what Mr. Pattee has presented to the Commission; that if it could be worked out it would work to the benefit of everybody. But whether the Commission will undertake to solve that problem remains to be seen when we get into executive session. I wish it might be worked out among yourselves.

There is another thing that has been discussed among the members of the Commission, and that is the question of future recommendations, one of which is that there might possibly be uniform legislation in the New England states which might perpetuate a commission for the handling of these milk problems. Of course the lawyers here will appreciate the fact that there is a Federal law known as the anti-trust law, and that legislation would have to be framed in reference to that law, and





probably any commission that could be created by state laws would only be sort of a board of arbitration, it could not be a price fixing board. That is, I am inclined to think it could not be a price fixing board as we have been a price fixing board during war time, - under war time measures. But it might possibly be a board of arbitration, and by uniform legislation in the New England States it might be helpful to the milk business of New England. And if any of you have any ideas on that question, we would like to hear them. Of course that board, in case of matters being sent to it for arbitration, might be able to fix what in their judgment was a fair price for milk, and in that way it might to some extent be a price fixing board; but not a regularly constituted board for fixing prices.

What I have said here is not said with the idea of indicating what our final decision will be in any matters, because we have not gone into executive session; but I am just stating this publicly so that before you leave the room you will know some of the questions that have been uppermost in our minds. What final result is reached will be announced later.

Mr. CUSICK. May I call your attention to this fact, now that you have got your figures right before you? You go back to our Exhibit 56, I think it was -- you have got it all there. You have got your volume, you have got your costs, and for the month of January you have your actual costs.

Comm. MORRIS. 56 was your cost sheets?

Mr. CUSICK. January, February and March of 1917.

Comm. MORRIS. We have them.

Mr. CUSICK. And then with that you have the actual figures of what it cost to do the business in January on the unit basis which was given you for comparative purposes. I have





got some old papers here, but I think they will correspond with what you have got -- I do not happen to have mine with me; they are at the office. The singular thing is that the country expenses and the unit expenses -- this is the country -- the assembling costs, the total city expense, the total delivery expense, without administrative expense, which you put in your new classification -- it will appear that the cost for processing and distribution of a quart of milk then was estimated to be 5.11 cents. You were speaking about 12%. It is now 8.62 in ours, in the Whiting sheets; in the Allen sheets it is .0859; in the Hood sheets .0716. Furthermore, your stores was 2.666 in January of this year -- last January; and your hotels-- that corresponds now with the cans -- was 2.22. Now they are in the Whiting sheets 5.61 and 4.59. In the Allen sheets, 6.16 -- that is as he has got it here, but it undoubtedly means .0616, and .0462. In the Hood sheets, your present classification, .049977 and .045783. Now, you can make your calculations, and my judgment is, without going into that, that you will get from 75 to 100% higher on the actual costs. That is my judgment. But I am giving you the figures so that you will have them on the record.

Comm. MORRIS. Have you anything to say about the general effect upon the business, both as to the production and distribution of raising the prices at the present time?

Mr. CUSICK. Would you give us two or three minutes to consult with our clients on that subject? I think then we might say something to you that would perhaps be of some interest.

Comm. MORRIS. Yes.

Mr. CUSICK. I do not like to take a stand on a policy question without consulting with them.



Comm. MORRIS. I think it is a real policy question.

Mr. CUSICK. It is a policy question. But, remember, we have had a hard year. That is for them to consider.

(Short intermission.)

Mr. SEARS. I think our people have a very decided opinion about it.

Chairman ALLEN. Let us hear it now.

Mr. MILLETT. Your question, Mr. Chairman, was on the effect on business of a raise in price just now?

Chairman ALLEN. Yes.

Mr. MILLETT. For next month, for instance. We have not any question at all but what that would be a very dangerous thing. We do not believe it should be done. We do not believe, naturally, that we should be expected to work for nothing. We would regret very much to see the price advanced at this time. I do not think we can say any more if we talk an hour.

Comm. MORRIS. How do you feel about it, Mr. Patten and Mr. Clark?

Mr. PATTEN. I think, Mr. Chairman, that we feel that there is a most decided question of policy involved that will have a tremendous effect on the industry. If a price is made which contemplates a recoupment later, the public should certainly be given plainly to understand that they are getting their product at less than cost, and that a later recoupment is justified. I doubt the advisability of proceeding on a plan that contemplates an award that shall be recouped later, especially when the Commission will go out of existence and have no chance later officially to declare to the public that a recoupment of a certain amount is justified -- what recoupment is justified. Now, personally, from what casual meeting with people I have enjoyed, I have found that the public expresses





its opinion everywhere that they are willing to pay if they can be satisfied that they are not asked to pay anything that is unfair and unreasonable. It is not the cost of the article in itself that they object to so much as the fairness and reasonableness of the cost. Now, I do not see how, if this Commission awards a price without explanation and provision for a later adjustment, it can have anything else than a disastrous effect on the industry. In the first place, you should state, if you do that, that it is a loss which we are entitled later to make up, and should state definitely some plan,- give us some way, if you enforce on us a loss now, in which we may make that loss good at a later date. I do not see how, as a matter of policy, you can say that, discontinuing April 1, you are going to inflict a loss on us now, and "go to it and get something to recoup yourselves later if you can."

Comm. MORRIS. Well, that was the method of handling the business before any commission was in existence, wasn't it, Mr. Patten?

Mr. PATTEN. Of taking a loss in the winter and a gain in the summer?

Comm. MORRIS. Yes.

Mr. PATTEN. So far as the dealers were concerned, yes. What I call your attention to is the fact that it was in existence does not justify ---

Comm. MORRIS. Don't you think that was really the effect on the farmers, too? That the farmers made up in the summer, if they ever made up, the losses that probably they suffered during the winter months on the production of milk?

Mr. PATTEN. The fact that they have not turned very largely toward the production of winter milk, when the public needs it, needs it most, would indicate, not that they made up,



made a profit in the summer, but that they made less loss. Now, if you are going to encourage winter dairying -- and that is what you have got to work toward in New England -- why should you put a price in the wintertime, in the latter part of the winter, at a known, fixed loss, and promise them, or suggest to them, or advise them, that they ask enough in the summertime to make not only a profit then but to make a profit that will recoup the loss in the wintertime. It seems to me that following that system you are likely to get into a policy that will injure the industry and not serve the public. Now, that is just an offhand ---

Comm. MORRIS. Of course you would probably increase the surplus. On this question of surplus that you presented yesterday, the advice to the dealers that they should use a great deal of care in taking on more dairies during the next three months, might that not get rid of that question?

Mr. PATTEE. Merely as a matter of advice.

Comm. MORRIS. If it was carried out by the dealers. We would have the records of the next three months on what they did take on.

Mr. PATTEE. Yes.

Comm. MORRIS. Haven't you confidence enough in the dealers so that advice of that sort to the dealers would eliminate a study of that problem at this time?

Mr. PATTEE. I don't know as I get just what you mean. Take on new dairies?

Comm. MORRIS. Yes, and thus increasing their surplus during the next three months.

Mr. PATTEE. I think that the dealer will be governed by his judgment of what is going to give him the most money. Now, I do not believe that anything else will govern his conduct





in the taking on of new business. Now, it is perhaps beside the mark entirely, but you can't have failed to notice the tremendous increase in value there has been in recent months in the by-products of milk, more particularly butter. I suppose it is beyond the jurisdiction, perhaps, of this Commission to inquire what final disposition was made of the by-products into which the dealers made this surplus. But it is fair to assume, I believe, that at least some of these by-products were carried along until a considerable profit was made in that milk. Now, there is an inducement that has not entered into these discussions -- perhaps properly, perhaps otherwise -- to take on surplus when surplus can be taken on to the advantage of the dealer, and for no other cause than that he knows it is to his advantage to take it on.

Comm. MORRIS. Well, do you apprehend that there is likely to be during the three months a continued rising market?

Mr. PATTIE. I apprehend that the market will be more or less stable. I doubt if it goes much higher. But the thought I had in mind was that if you were to award a price that your figures would justify, perhaps, an increased price to the public, the dealer could not suffer under any diminished demand.

Comm. MORRIS. But your clients will suffer?

Mr. PATTIE. If anybody. If anybody, the producers will suffer. Is it better for them and the industry that they shall get what they are reasonably entitled to on the basis on which you would operate for these winter months and take the loss on the surplus, or is it better to take a loss in the selling price, another loss on the surplus and the uncertainty of a recoupment, with a possible misunderstanding and charge of misconduct later when we try to get it? It seems to me that, speaking on a matter of snap judgment, it is better to confine





yourself to exactly what the warrant calls for, if the industry does suffer.

Comm. MORRIS. Of course, upon careful analysis of these figures we may not find that there have been these added costs. We are simply assuming now that perhaps there has been some added cost of production. But I do not want it to be taken as the opinion of the Commission that these costs are warranted.

Mr. PATTEE. I do not know how much study you have given it, but I think the Commission should take into consideration what the public at least does not, and that is that the operation of the surplus plan has materially reduced the price that the farmer has received per quart. Now, we assume, at least, that your finding of a price for whole milk has been your judgment of what price the farmer was entitled to on the basis of cost plus a reasonable profit. Now, I would like to suggest to you a weighted average basis figured out of the loss per quart through the operation of the surplus plan. It varies all the way from 1.1 cents per quart to 3 mills per quart.

Comm. MORRIS. But in that argument you are entirely disregarding the order. I do not think that argument would have much weight with me.

Mr. PATTEE. But the fact remains that we never, since the first of May, have received the price, sometimes not so much by more than a cent a quart, that the Commission awarded us for the milk that we made. The production of milk has been conducted at a loss continually through the year, since the first of May -- less than the price the Commission awarded. I doubt myself whether it would be wise to inflict a loss upon us without advertising to the public that we were justified in a later recoupment.

Comm. MORRIS. My experience has been that a good many of



the farmers have been pretty well satisfied. Of course you have better means of knowing what the general consensus of opinion is with the farmers.

Chairman ALLEN. I think your question to Mr. Pattee, Mr. Morris, was a proper question. And I think that you, Mr. Pattee, withdrew your request to the Commission for a changed surplus plan in view of the fact that we are going out of business three months from today, as being a help to the Commission in arriving at a fair price for the next three months. That is what you had in mind, wasn't it, Mr. Morris?

Comm. MORRIS. Yes.

Mr. PATTEE. That we withdrew our request for an amendment to the surplus plan?

Chairman ALLEN. Yes. That you thought it was a proper thing to do in view of what the Commission has to do at this time.

Mr. PATTEE. My view of the matter, and my proposition to amend the surplus plan, was largely based on the assumption that you were soon to go out of business as a commission, and that if the surplus plan were to continue it must be, before you go out, so amended as to cover those points that I mentioned, while the Commission had yet authority to enforce its operation.

Comm. MORRIS. We have got to set the price for the next three months, and we have got to do it pretty quickly. That would require a critical study of the effect of the amendment upon prices, would it not; or, would it?

Mr. PATTEE. I don't see why. It would be merely a matter of the distribution of the loss. It is simply a method of distributing the surplus loss.

Comm. MORRIS. All right. What do you say about legis-





lation?

Mr. PATTEE. Speaking broadly, I am doubtful of the advisability of legislative price fixing.

Comm. MORRIS. I do not think anybody thinks for a moment that we could sit as a board for price fixing; but it would be more in the nature of an arbitration board for New England.

Mr. PATTEE. Theoretically I think that we would entirely agree; the practical operation of such a matter is what bothers me in first thinking of it. Now such a board would be created and what would be the complexion of it. We are perfectly willing,- I hope always will be willing,- to base our demands for a price on a reasonable, fair proposition, and be able to satisfy reasonable men that we are fair. To pledge ourselves to go before a board that might originate we know not how, and be composed of we know not what, I think would be very doubtful.

Comm. MORRIS. What we discussed was the possibility of a representative appointed from each state by the Governor and Council of the state.

Chairman ALLEN. Then you do not favor such a thing? I think it is fair to state here that none of the Commissioners who have been sitting are looking for another job or continuing in their work.

Mr. PATTEE. Let me say to you that I have been down in Washington and have heard it expressed in the capitol repeatedly by men who were appointed for their jobs -- well, I suppose because they were men of intelligence and understanding, that they were splendidly equipped to settle the milk problem because they knew absolutely nothing about it.

Chairman ALLEN. Won't you answer this question, Mr. Pattee? It is after one o'clock. This Commission is not going



to do anything except as they feel that possibly a New England States board might be of help to the milk industry. Now, it goes without saying that unless the producers look with favor on some such thing that we shall not take any action; in other words, what we want to leave is a constructive suggestion when we go out of business. Now, in your opinion, is it wise for this board to leave a constructive suggestion or to work on one in the next three months?

Mr. PATTEE. I believe that the Board should take under careful consideration several matters and make recommendations.

Chairman ALLEN. Well, this is one matter. This is the principal thing.

Mr. PATTEE. You want to know whether we believe there should be a permanent board?

Chairman ALLEN. Yes. Or, leave the milk industry like other industries, to the law of supply and demand?

Mr. PATTEE. It will operate anyway.

Chairman ALLEN. Well, it has not operated for the last year.

Mr. PATTEE. I would not like to commit the organization, or myself personally, and I would not like to be committed as opposed to that. It is too new a question and too big a one for a small mind like my own to express itself on.

Comm. MORRIS. It is a big question, certainly. Will you think that matter over and notify Chairman Allen later on?

Mr. PATTEE. I will be very glad to.

Comm. MORRIS. And it should be done reasonably quick, because the Legislatures of the several states are in session at the present time. Most of them are opening tomorrow.

Chairman ALLEN. But if your people do not feel that such a board would be of help to the industry, then we will do





nothing anyway.

Comm. BIRD. I think in fairness to Mr. Pattee, so that he may take up the discussion with his people, I might say that there are two distinct ideas. One is to have uniform legislation in each of the states, in that way giving the commission more power than it otherwise would have; and the other the appointment of a representative by the Governor to the board, the board simply to ascertain the cost of production and the cost of distribution and state what in their opinion is a fair price for each. They would have no policing powers; it would simply be a question of fairness, and the public, the farmer and the dealer would feel that someone had investigated the matter and had been able to make a statement as to the facts,- an unbiased board. Just of how much value that would be the Commission does not know.

Mr. PATTEE. I would suggest that a board be created with power to summons witnesses.

Comm. BIRD. That would all depend upon whether uniform legislation could be put through. That would be the other side of the question.

Comm. MORRIS. There would probably be no doubt that such a board could be created with power to summons witnesses and take testimony. What would trouble me more especially would be the question of what the duties of such a board would be confined to, when you consider its duties in reference to the federal anti-trust law, and what policing work it might do.

Mr. PATTEE. The policing would seem to me to be a very difficult matter. But the findings of such a board furnish a basis for public sentiment and justify action on the part of those who do have some policing power, like the producers themselves. What little chance I have had to observe the oper-



ation of such boards has led me to doubt, to be very cautious in agreeing to accept their findings; particularly in reference to agricultural questions, where the members are appointed by the Governor and Council in our New England States. It is almost always a board of men made up of business interests and business training, and of those professional men who have as a rule very little understanding of the agricultural situation, of an agricultural problem, of its possibilities of development, towards which we are all working -- it is difficult for them to understand the hardships we have in getting cost reports, and they are out of touch with the agricultural industry and in close touch with the business interests that are more nearly represented by the dealers. And I have noticed in this discussion here -- probably largely our fault -- that great weight is attached to the figures presented by book-keepers and men of that character -- properly, of course -- and we are deprived of that service, necessarily. And so I say that this board I believe is exceptional in giving weight to the farmers' side and I have hesitated to commit the producers to any board that had a political origin, made up of men associated with those whose interest it is to have our product sold cheaply.

Comm. MORRIS. Of course this Commission has tried very faithfully and fairly, I think, to get at the figures on both sides. The fact that perhaps more time has been spent with the dealers' figures than with the farmers' figures is because of the intricacy of those figures and our lack of knowledge of what goes into city distribution, knowing, <sup>as</sup> we do, more about the country production.

Mr. PATTEN. My remarks were meant to be on a line of stating the facts more than a criticism.

Comm. MORRIS. I understand.





Mr. PATTEE. But a board which was to study this problem with a view to giving the public the cheapest milk it could get for them, rather than to build up the industry which sustains the public, I think would be very, very injurious.

Mr. FRANK D. CLARK. Just a word. I want to say that I am in accord with Mr. Pattee. And as a producer I was pleased to hear it stated this morning that, although there had been a sharp increase in the price of milk from a year or so ago to the present price, it had not changed very much the volume of sales. Now, as to the price for the next three months. Probably it will continue along something as it has been in the past. And as to the recoupment, I think I am making no misstatement when I say, as a producer, from the beginning of time, whenever that was, up to a year or so ago, that the dairymen have been penalized, they have not had a fair show. And I trust that we will have recoupment from now to the end of time in the form of a fair attitude of legislation and the public towards our dairy industry. We are not looking for recoupment merely for April, May and June, or something like that; we want recoupment now to the end of time in a fair attitude towards us by legislatures and by the public. That is all the recoupment we ask for.

Mr. CUSICK. Mr. Chairman, I was not here when Mr. Sears stated the attitude of the Hood Company, but I understand it was that they regret any increase in price to the consumer, and I understand it stopped there. We regret any increased prices to the consumer, but I am not going to stop there. We ask this Commission now to live up to its warrant and give us such a spread as to give us a cost plus profit. We have heard recoupment talked for nine months, ten months, eleven months, even as late as last November, when it must have been in the minds of



every one of this Commission that the time was getting short when you would sit. That recoupment, as far as the dealers are concerned, has not come yet. Now, in the past the price to the farmer has been lower in the months of February and March. It has been graded. I am not going to go into the farmers' figures; I don't know anything about that. I do know this, however,- that we have given you figures of the cost of distribution of milk, and between all the figures given you have got fair evidence, especially if you get the added items that have been requested, so that as far as the dealers' costs are concerned you have got as near accurate costs as you humanly can expect, with the opportunity of verifying all these figures.

I am not going to call to your attention some of the things that have occurred in the last hearings in regard to figures presented to this board. But you have had since January 1 data from at least one set of dealers as large as any, and probably the largest set of dealers -- you have had actual figures from which you could determine accurately the costs of the distribution and delivery of milk. You have had in the uniting figures the volume, the unit costs, you yourselves have fixed the f.o.b. price to be paid the farmer, and the spread could be determined by you, and a simple matter of multiplication would indicate to you, not what our profit and loss sheet showed, which was the entire business and must be always known and considered as such, but the actual profit on the fluid milk business, which it is your duty to fix.

What were the spreads that you have given us? In January-- and I shall repeat these for the record -- this is the spread given the dealers, the difference between the consumers' price and the f.o.b. price at the farms: January, -family, .0000; stores, .040; cans, .0300. The same spread prevailed in January,





February and March. In April,- family, .065; store, .0450; cans, .0353. In those times the dealers carried the surplus, but there was put into their costs, which should have been taken care of, an agreed price to cover that of .04 plus, meaning 4 mills something. But these costs are not identical with the spread which you have given us.

In May,- .0675 for family, .0475 for store, .0461 for cans. And I think May is the first month that even our profit and loss account of the entire business showed a profit. In June our spread was,- family, .0650; store, .0450; cans, .0426. July,- family, .06375; store, .04375; cans, .0385. In August,- .06375; store, .04375; cans, .03725. September,-family, .06375; store, .04375; cans, .03725. October,- family, .06375; store,.04375; cans, .03915.

During the months of May, June, July, August, September and October, the surplus plan was in full execution.

November,- family, .0675; store, .0475; cans, .0354. And during the month of November you determined that the dealers should absorb the surplus, and you have got November's figures of at least one concern here, which I think you can rely on -- a smaller concern could give you the figures under these uniform classifications.

The price for December we do not know. That is yet to be settled. That is, I mean the entire price, and when I speak about the price, you can't speak about the spread without considering the disposition of the surplus, which yet remains to be determined by your Commission.

Now, note that the greatest spread which we got was in the month of June, when we got .0650 for family, .0450 for store, .0426 for cans. Now, gentlemen, there is just one thing to add, in my judgment. You should give us a spread that



would enable us to get our cost plus a reasonable profit. No figure presented to this Commission ---

Chairman ALLEN. Pardon me, Mr. Cusick, but it is twenty minutes of two, and you were asked -- these figures you have given of course are all matters of record, on all our books here. You were asked to speak for a few minutes on the practical policy of putting the price up during the next three months when the tendency of everything else that is in the market is probably either to stand still or go down. I think the Commission would like to hear about that.

Mr. CUSICK. We have said that. We want our spread.

Chairman ALLEN. On the question of the higher price during the next three months, do you think that would be good or bad for the industry?

Mr. CUSICK. I do not think, personally, it makes any difference.

Chairman ALLEN. These are questions of courtesy. I mean, the Commission simply wanted to get your ideas.

Mr. CUSICK. I know; but it is not a question of courtesy I want to give to the Commission, it is an important question of fact.

Chairman ALLEN. You are going over a great many figures we have already before us.

Mr. CUSICK. I am going over them for the last time, sir, because we think it is time that justice was done to the dealers. That is what we want. I am saying it for the record. I can answer any Boston American articles when the time comes.

Chairman ALLEN. But these are, of course, matters of argument. What we wanted to do was to get your idea of policy.

Mr. CUSICK. But what I want from you, and I think I am entitled to it, is what you are required to do under your





warrant, which you now have from all parties except the Turner Center. And while I am talking on the spread, I will direct your attention to the fact that even on the Hood figures the spread must exceed 7 cents,- even according to the Hood figures. I am trying as earnestly and sincerely as I can to direct your attention to the fact that your warrant is to give us cost plus profit; and, furthermore, to remember that our costs are more or less fixed. The producers' costs are more variable and you can't get at them the same way as you can ours. And, furthermore, as long as I can remember the prices have always been lower in February and March to the producer than in the other month.

Now, if you want to do justice to the public, take it off where it belongs. But I am not discussing that, I am asking for what we are entitled to under the warrant, leaving that question -- I am obliged to -- to your own judgment. It all comes down to whether you have the nerve to do your duty.

Comm. MORRIS. I do not think there is any trouble about the "nerve"; it is a question of being satisfied on the evidence, Mr. Cusick.

Mr. CUSICK. Well, you have got all you have asked for now.

Comm. MORRIS. Yes. We have got the evidence and we will study it carefully. And I do not want anything I have said as acting Chairman, in the place of Chairman Allen for a few minutes, to indicate that the Commission has determined that the price will have to go up on the evidence, because we have not discussed it.

Comm. SAWYER. We have nerve enough to do our duty, too.

Mr. CUSICK. Sure. I think that is true, Mr. Sawyer, and I hope you will. I know you have been handicapped in the past,



but this time you have got your figures.

Chairman ALLEN. On the question of the future of the Commission. We want to hear from the dealers as to whether they think this Commission should take any action along that line. I think you were out, Mr. Cusick, when we brought that up for discussion. I will repeat what I said before, - that none of the Commissioners are looking for any continuation of their jobs. It is only to put in a constructive suggestion when we go out of business. Can we put out a constructive suggestion when this Commission goes out of business that will help the industry? If both parties to this agreement think that something might be done, or ask us to do something, we will try to do something constructive. But if you do not, tell us now what you think of it.

Mr. SEARS. Mr. Chairman, while I have personally a very great deal of doubt as to the wisdom of any kind of a board of arbitration, such as Mr. Morris -- I don't know as he suggested, but referred to, because of its almost necessarily political character -- and because I believe that the success of this Commission, and I think it has been very considerable in contrast with what has happened in other sections of the country, has been because of its entire freedom from any political influence, and the character of the members of the Commission, I think there is one line which is very important, and I believe certainly that the influence of the Commission might be very great if brought to bear on it. I refer to the question of transportation. At the present time anybody who studies into the way that milk comes into the City of Boston, and the way it is delivered here by the railroad to the dealers, can't help but reach at the very outset the conclusion that very great improvements could be made. There is altogether too much delay





en route. Milk is left outside of the city and there is altogether too much trucking that is required. There is an entire absence on the part of the different railroads coming in here, even under Federal administration, of cooperation, so that the existing track facilities which connect one section of the city with the other are availed of in the slightest degree. Personally I should like very much if the Commission before it dissolves could give some study to that question and make some recommendations in reference to it, because I believe certainly that all the other recommendations of the individual dealers, the pleadings on their part, have had no effect whatever. That has been the experience of my client. It seems to me that a Commission which has been as successful as this Commission has in handling this complicated question would be listened to with the greatest attention by the people who are now administering the affairs of our railroads, and that before the Federal Government gives up its control,- a control which now means a unified control over all the railroads centering in Boston,- a very great improvement might be accomplished in that way.

Chairman ALLEN. If you will put that in writing we will be very glad to consider it, Mr. Sears.

Mr. SEARS. I will be very glad to put it in writing.

Chairman ALLEN. In as much detail as you can, so that we can appreciate clearly what the problem is.

Mr. SEARS. I will be very glad to do so.

Chairman ALLEN. Now, Mr. Cusick, what do you say? The question we are discussing is, what constructive suggestion might this Commission make as to any future tribunal or arbitration board, or any kind of a commission that will be of benefit to the milk industry?

Mr. CUSICK. I shall not be able to discuss that, because



I have not given it thought enough to express any opinion in regard to any tribunal to sit after this Commission goes out of business. The lawyers on the Board know it is a mighty difficult proposition. I agree with what Mr. Sears has said about transportation. You could help us a lot there. I could give you a dozen instances that would be very illustrative of what is going on here in Boston ---

Chairman ALLEN. Won't you join with Mr. Sears, then, in putting it before the Commission in detail ---

Mr. CUSICK. Yes. I just wanted to say to you that we have a city expense of \$6,000; they have a city expense of \$1,800 or \$1,900. We can't get a car load of milk from the general delivery station, from the sub-station, to the Elm Farm Milk Company; we have to cart it. And simply because they have the Central Massachusetts road there, and the Boston & Albany insists on considering that as a freight railroad and freight movement, not within the purview intended by the Interstate Commerce Commission. It is before Washington now, and I think we will have it cleaned up. But you can see what it will save us in expense.

Here is a memorandum that has been handed me by Mr. Whiting that I think you could help a good deal on if you would. It is in the form of a resolution:

"Resolved, that the system of deposit for bottles delivered to stores is in the interest of economical milk handling and that the system is endorsed by the Commission and its maintenance is recommended to dealers and storekeepers."

You see at the present time we charge team with the bottles. Sometimes we have a little trouble, and a word from the Commission would do a lot of good, if we could get the Commission on





record as recommending such a charge for bottles as being in the interest of economical milk handling. It is what we are doing now. I will hand that to you and you can consider it. (Handing paper to Dr. Gilbert.)

The other thing I would suggest would be a great deal more attention on the question of price for pints.

I do not think there is anything further I can say to you.

Mr. PATTEE. In view of your request for suggestions, we would like to go on record, if you please, on this matter, that we request the Federal Milk Commission for New England to receive from us later in writing suggestions for a constructive program after the Commission goes out of business. We request that these suggestions be given consideration by your Commission with a view to their adoption when you go out of business.

Comm. MORRIS. Of course if any move is to be made -- I don't know that it is advisable, I don't know that it is wanted on the part of either the dealers or the producers; but if any move is contemplated requiring legislation for a permanent board, it should be made very speedily, because the legislatures are in session, and some of them do not have a very long session. The bills would have to be introduced. I judge, though, from what has been said here, that there does not seem to be any great call for any such move. But if you have any recommendations on that point, I assume Chairman Allen would be glad to receive them.

Mr. CUSICK. You have not decided what surplus plan we are running under in November and December?

Comm. MORRIS. We will take that under advisement in connection with the other matters when we go into executive session.

Mr. CUSICK. Well then, just refer, will you, to the



record, and that gives some of our reasons. You know we have not gone into it entirely, but the record of the last meeting will give some of our reasons for objecting to that 5%.

Comm. MORRIS. I was not present.

Mr. CUSICK. Yes, you were present at the last meeting, and you said you would take the matter up at the next hearing. And then yesterday you said you would take it up today, and it has not been taken up.

Comm. MORRIS. Was some argument made on it?

Mr. CUSICK. There certainly was.

Comm. MORRIS. Is there anything we do not understand now?

Mr. CUSICK. I don't know. But it is covered to some extent in the last meeting, - in the last record of the Commission. That is the record of December 22.

Comm. MORRIS. I remember what was said.

Mr. SEARS. As this, I understand, is the last time we are going to be officially together, my clients and I feel very certain that what I am saying represents the opinion of every one who has been before this Commission, - that we all appreciate very much the work that the Commission has done and the time that the members, without any remuneration and simply for patriotic reasons, have given to a study of these difficult problems that came before you. And they wish to express to you their thanks for the patience and ability that the Commission have shown in dealing with these problems. (Applause.)

Chairman ALLAN. The Commission appreciates what Mr. Sears has just said, and we will take it as coming from all of those who have met with us from time to time. It is a little late to make speeches, so that we won't have a speech, but I think I can say for the Commission that it has been a very interesting and instructive -- to us, anyway, instructive -- period, and I





am sure we all hope that we have done a little more good than we have done harm. The Commission will not meet in a hearing again. We will give out our rulings in regard to the next three months and will pass on these other matters as soon as possible, and will remain on call. Our authority, as Mr. Morris stated to you today, continues until April 1, as far as the rulings of the Commission go. And if you have any suggestions to put in that the Commission may consider before April 1, if you will send them in we will act upon them.

Mr. CLARK. I do not want you to leave here before you give me the opportunity, as President of the Association, to get up here and thank the Commission for the work that they have done. I want to thank you in behalf of 15,000 producers. I trust that our relationship that we have had here in the past year or so has borne the feeling that we shall continue on, - producers, dealers and the public, - in the way in the future that will be for the best interests of the dairy industry of New England. I thank you.

Chairman ALLEN. We thank you.

(The hearing was closed at 1.50 p.m.)

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